



Council Meeting Agenda

June 22, 2011

CITY COUNCIL CHAMBERS

3:30 p.m. Closed Session; 4:30 p.m. Regular Session
201 N. Broadway, Escondido, CA 92025

MAYOR	Sam Abed
DEPUTY MAYOR	Marie Waldron
COUNCIL MEMBERS	Olga Diaz Ed Gallo Michael Morasco
CITY MANAGER	Clay Phillips
CITY CLERK	Marsha Whalen
CITY ATTORNEY	Jeffrey Epp
DIRECTOR OF COMMUNITY DEVELOPMENT	Barbara Redlitz
DIRECTOR OF ENGINEERING SERVICES	Ed Domingue

ELECTRONIC MEDIA:

Electronic media which members of the public wish to be used during any public comment period should be submitted to the City Clerk's Office at least 24 hours prior to the Council meeting at which it is to be shown.

The electronic media will be subject to a virus scan and must be compatible with the City's existing system. The media must be labeled with the name of the speaker, the comment period during which the media is to be played and contact information for the person presenting the media.

The time necessary to present any electronic media is considered part of the maximum time limit provided to speakers. City staff will queue the electronic information when the public member is called upon to speak. Materials shown to the Council during the meeting are part of the public record and may be retained by the Clerk.

The City of Escondido is not responsible for the content of any material presented, and the presentation and content of electronic media shall be subject to the same responsibilities regarding decorum and presentation as are applicable to live presentations.



Council Meeting Agenda

June 22, 2011
3:30 p.m. Meeting

Escondido City Council Community Development Commission

CALL TO ORDER

ROLL CALL: Diaz, Gallo, Morasco, Waldron, Abed

ORAL COMMUNICATIONS

At this time the public may comment on items not appearing on the agenda. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.)

CLOSED SESSION: (COUNCIL/CDC/RRB)

I. CONFERENCE WITH LABOR NEGOTIATOR (Government Code §54957.6)

- a. Agency Negotiator: Sheryl Bennett, Clay Phillips
Employee organization: **Escondido City Employee Association
Supervisory Bargaining Unit**
- b. Agency Negotiator: Sheryl Bennett, Clay Phillips
Employee organization: **Escondido City Employee Association
Administrative/Clerical/Engineering (ACE) Bargaining Unit**

ADJOURNMENT



Council Meeting Agenda

June 22, 2011
4:30 p.m. Meeting

Escondido City Council
Community Development Commission
Mobilehome Rent Review Board

CALL TO ORDER

MOMENT OF REFLECTION:

City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the evening meeting. The City does not participate in the selection of speakers for this portion of the agenda, and does not endorse or sanction any remarks made by individuals during this time. If you wish to be recognized during this portion of the agenda, please notify the City Clerk in advance.

FLAG SALUTE

ROLL CALL: Diaz, Gallo, Morasco, Waldron, Abed

ORAL COMMUNICATIONS

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CONSENT CALENDAR

Items on the Consent Calendar are not discussed individually and are approved in a single motion. However, Council members always have the option to have an item considered separately, either on their own request or at the request of staff or a member of the public

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/CDC/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/CDC)**
3. **APPROVAL OF MINUTES: Regular Meeting of May 25, 2011**
4. **ANNUAL SUBMISSION OF THE CITY OF ESCONDIDO'S INVESTMENT POLICY** – Request Council approve the June 2011 Investment Policy.

Staff Recommendation: Approval **(City Treasurer's Office: Kenneth Hugins)**

RESOLUTION NO. 2011-67

5. **MAINTENANCE AND OPERATIONS BARGAINING UNIT MEMORANDUM OF UNDERSTANDING** – Request Council approve the Maintenance and Operations Bargaining Unit contract.

Staff Recommendation: Approval: **(Human Resources: Sheryl Bennett)**

RESOLUTION NO. 2011-81

6. **EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC)** – Request Council approve change of EPMC for Teamsters Local 911 Maintenance and Operations Bargaining Unit.

Staff Recommendation: Approval **(Human Resources: Sheryl Bennett)**

RESOLUTION NO. 2011-87

7. **HERITAGE PROGRAM FIREMAN'S FUND AND ALLIANZ GRANT AND BUDGET ADJUSTMENT**– Request Council accept \$7,855 in funding from the Fireman's Fund Insurance Company to purchase rescue equipment for the truck company; and authorize the Fire Chief to execute, on behalf of the City, all documents required for the management of this grant; and approve the budget adjustment in the amount of \$7,855 to establish a new project for the tracking of this grant.

Staff Recommendation: Approval **(Fire Department: Russ Knowles)**

CONSENT CALENDAR - Continued

8. **FINAL ASSESSMENT ENGINEER'S REPORT FOR CITY OF ESCONDIDO LANDSCAPE MAINTENANCE DISTRICT ZONES 1-36 FOR FISCAL YEAR 2011/2012** – Request Council approve the Assessment Engineer's Report for Zones 1-36 of the City of Escondido Landscape Maintenance District and approve the annual levy and collection of assessments in Zones 1-36 of the LMD for FY 2011/2012.

Staff Recommendation: Approval (**Engineering Services: Frank Schmitz**)

RESOLUTION NO. 2011-70

9. **FINAL ASSESSMENT ENGINEER'S REPORT FOR CITY OF ESCONDIDO LANDSCAPE MAINTENANCE DISTRICT ZONE 37 FOR FISCAL YEAR 2011/2012** – Request Council approve the final Assessment Engineer's Report for Zone 37 of the City of Escondido Landscape Maintenance District declaring the results of the assessment ballot tabulation for Zone 37 of the LMD, confirming that a majority protest exists to the establishment of the initial assessment for FY 201/2012 and that no initial assessment shall be imposed.

Staff Recommendation: Approval (**Engineering Services: Frank Schmitz**)

RESOLUTION NO. 2011-71

10. **FINAL MAP, ESCONDIDO TRACT SUB 09-0004, LOCATED AT 511 N. ESCONDIDO BOULEVARD** – Request Council approve the Final Map for Tract SUB 09-0004, an eight-lot, 116 unit residential condominium subdivision located at 511 N. Escondido Boulevard.

Staff Recommendation: Approval (**Engineering Services: Ed Domingue**)

11. **ADJUSTMENTS TO POLICE GENERAL FUND BUDGET** – Request Council approve FY 2010-11 adjustments to the Police General Fund Budget for expenses reimbursed by outside agencies.

Staff Recommendation: Approval (**Police Department: Jim Maher**)

12. **ANIMAL CONTROL SERVICES AGREEMENT** – Request Council approve a three-year animal control services agreement with the Escondido Humane Society (EHS), authorizing the Mayor and City Clerk to execute contract documents on behalf of the City.

Staff Recommendation: Approval (**Police Department: Susan Cervenka**)

RESOLUTION NO. 2011-82

CONSENT CALENDAR - Continued

13. **FISCAL YEAR 2011 POLICE TOW SERVICES CONTRACTS** – Request Council authorize the Mayor and City Clerk to execute Police Tow Service Contracts with AI's Towing, Inc.; A-Z Enterprises, Inc.; Allied Gardens Towing; HMR, Inc., dba El Norte Towing; NK Towing and Roadside Services, Inc.; and Roadway Auto Towing to provide police tow services.

Staff Recommendation: Approval (**Police Department: Jim Maher**)

RESOLUTION NO. 2011-86

14. **SECOND AMENDMENT TO PUBLIC SERVICE AGREEMENT WITH REDWOOD SENIOR HOMES AND SERVICES FOR MEAL SERVICE** – Request Council authorize the Mayor and City Clerk to execute a Second Amendment to Public Service Agreement with Redwood Senior Homes and Services (RSHS) Town Court to provide meals for the Nutrition Program offered at the Joslyn Senior Center for an additional year (July 1, 2011 through June 30, 2012) in the amount of \$98,425.

Staff Recommendation: Approval (**Community Services: Amy Shipley**)

RESOLUTION NO. 2011-83

15. **SECOND AMENDMENT TO PUBLIC SERVICE AGREEMENT WITH REDWOOD SENIOR HOMES AND SERVICES ELDERLINK FOR SENIOR TRANSPORTATION** – Request Council authorize the Mayor and City Clerk to execute a First Amendment to Public Service Agreement with Redwood Senior Homes and Services (RSHS) Elderlink to provide transportation services for the Senior Nutrition Program for an additional year (July 1, 2011 through June 30, 2012) in the amount of \$152,460.

Staff Recommendation: Approval (**Community Services: Amy Shipley**)

RESOLUTION NO. 2011-84

16. **SENIOR NUTRITION SERVICES CONTRACT** – Request Council authorize the Director of Community Services to enter into an agreement with the County of San Diego to provide senior nutrition services at the Joslyn Senior Center.

Staff Recommendation: Approval (**Community Services: Amy Shipley**)

RESOLUTION NO. 2011-85

CONSENT - RESOLUTIONS AND ORDINANCES (COUNCIL/CDC/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/CDC/RRB at a previous City Council/Community Development Commission/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

PUBLIC HEARINGS

17. **SHORT FORM RENT INCREASE APPLICATION FOR CAREFREE RANCH MOBILEHOME PARK** – Request Council consider the short-form rent increase application submitted for Carefree Ranch Mobilehome Park, granting an increase of 75% if the change in the Consumer Price Index, an average of \$4.20 per space per month, for the period December 31, 2009 – December 31, 2010.

Staff Recommendation: Approval (**Community Services/Housing Division: Jerry VanLeeuwen**)

RESOLUTION NO. RRB 2011-05

18. **REVIEW OF STATUS OF THE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID) AND LEVY BID ASSESSMENTS FOR FISCAL YEAR 2011-2012** – Request Council adopt the Downtown Business Improvement District (BID) assessment rate for FY 2011-2012.

Staff Recommendation: Approval: (**Community Development/Code Enforcement Division/Business Licensing: Barbara Redlitz**)

RESOLUTION NO. 2011-55

19. **MODIFICATION TO A COMMERCIAL PLANNED DEVELOPMENT TO AMEND THE LIST OF PERMITTED USES (PHG 11-0003)** – Request Council approve a modification to the Master Plan for the Sports Authority shopping center.

Staff Recommendation: Approval (**Community Development/Planning: Barbara Redlitz**)

RESOLUTION NO. 2011-76

PUBLIC HEARINGS - Continued

20. **BUDGET ALLOCATION RECOMMENDATIONS FOR FISCAL YEAR 2011-2012 HOUSING SET-ASIDE FUNDS** – Request Council approve the FY 2011-2012 Housing Set-Aside Funds Budget.

Staff Recommendation: Approval (**Housing Division: Jerry VanLeeuwen**)

CDC RESOLUTION NO. 2011-05

21. **SECOND AMENDMENT TO APPROVED ACTIVITIES OF THE FISCAL YEAR 2009 NEIGHBORHOOD STABILIZATION PROGRAM (NSP) GRANT** – Request Council authorize a second amendment to the approved Redevelopment Activity of the FY 2009 Neighborhood Stabilization Program (NSP) Grant to expand the permitted uses to allow funds to be used for new construction on eligible properties within the NSP Target Areas; and authorize staff to request a one year extension of the contract from the California Department of Housing and Community Development (HCD); and authorize staff to negotiate and execute said extension.

Staff Recommendation: Approval (**Housing Division: Jerry VanLeeuwen**)

- a. RESOLUTION NO. 2011-79
- b. RESOLUTION NO. 2011-80

22. **AMENDMENT TO THE FISCAL YEAR 2011-2012 ACTION PLAN FOR COMMUNITY DEVELOPMENT BLOCK GRANT(CDBG) FUNDS TO ALLOCATE PROGRAM INCOME RECEIVED FROM THE SALE OF PROPERTY** – Request Council approve an amendment to the FY 2011-2012 Action Plan for CDBG to allocate \$32,742 in program income to the Escondido Education COMPACT Healthcare Career Pipeline program and \$185,540 in program income to phase five of the Tulip Street Improvement Project.

Staff Recommendation: Approval (**Neighborhood Services: Rich Buquet**)

CURRENT BUSINESS

23. **COMMUNITY WILDFIRE PROTECTION PLAN (CWPP)** – Request Council accept the CWPP.

Staff Recommendation: Approval (**Fire Department: Peter Montgomery**)

24. **POSSIBLE AMENDMENT TO RESOLUTION 2002-62 TO ALLOW CARNIVALS AT WESTFIELD NORTH COUNTY** – Request Council consider amending Resolution 2002-62 to allow carnivals at Westfield North County.

Staff Recommendation: Provide direction to staff (**Council members Ed Gallo and Marie Waldron**)

CURRENT BUSINESS - Continued

25. **AGREEMENT BETWEEN THE CITY OF ESCONDIDO AND LACAZE DEVELOPMENT FOR THE PROVISION OF A WALMART ON THE WEST SIDE OF HARDING STREET BETWEEN EAST VALLEY PARKWAY AND GRAND AVENUE** – Request Council approve the Economic Incentive and Operating Covenant Agreement.

Staff Recommendation: Approval (**Economic Development Subcommittee**)

RESOLUTION NO. 2011-92

WORKSHOP

26. **PRELIMINARY CITY COUNCIL ACTION PLAN – EMBRACE DIVERSITY** – Request Council provide direction regarding proposed content for the Embrace Diversity and Community Outreach element of the 2011-2012 City Council Action Plan.

Staff Recommendation: Provide direction (**City Manager's Office: Joyce Masterson and Human Resources: Sheryl Bennett**)

FUTURE AGENDA

27. **FUTURE AGENDA ITEMS** - The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: None (**City Clerk's Office: Marsha Whalen**)

ORAL COMMUNICATIONS

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COUNCIL MEMBERS COMMITTEE REPORTS/COMMENTS/BRIEFING

ADJOURNMENT

UPCOMING MEETING SCHEDULE				
Date	Day	Time	Meeting Type	Location
June 29	No Meeting		No Scheduled Meeting	
July 6	No Meeting		No Scheduled Meeting	
July 12	Tuesday	4:00 p.m.	Mayor's Town Hall Meeting	Mitchell Room
July 13	Wednesday	3:30 & 4:30 p.m.	City Council Meeting	City Council Chambers

TO ADDRESS THE COUNCIL

The public may address the City Council on any agenda item. Please complete a Speaker's form and give it to the City Clerk. Comments are generally limited to 3 minutes.

If you wish to speak concerning an item *not* on the agenda, you may do so under "Oral Communications." Please complete a Speaker's form as noted above.

Handouts for the City Council should be given to the City Clerk. To address the Council, use the podium in the center of the Chambers, STATE YOUR NAME FOR THE RECORD and speak directly into the microphone.

AGENDA, STAFF REPORTS AND BACK-UP MATERIALS ARE AVAILABLE:

- Online at <http://www.ci.escondido.ca.us/government/agendas/PublishedMeetings.htm>
- In the City Clerk's Office at City Hall
- In the Library (239 S. Kalmia) during regular business hours and
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

AVAILABILITY OF SUPPLEMENTAL MATERIALS AFTER AGENDA POSTING: Any supplemental writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 201 N. Broadway during normal business hours, or in the Council Chambers while the meeting is in session.

LIVE BROADCAST

Council meetings are broadcast live on Cox Cable Channel 19 and U-verse Channel 99 – Escondido Gov TV. They can also be viewed the following Sunday and Monday evenings at 6:00 p.m. on those same channels. The Council meetings are also available live via the Internet by accessing the City's website at www.escondido.org, and selecting: City Council/broadcasts of City Council Meetings/live video streaming.

Please turn off all cellular phones and pagers while the meeting is in session.

**The City Council is scheduled to meet the first four Wednesdays
of the month at 3:30 in Closed Session and 4:30 in Open Session.**

(Verify schedule with City Clerk's Office)

**Members of the Council also sit as the Community Development Commission
and the Mobilehome Rent Review Board.**

**CITY HALL HOURS OF OPERATION
Monday-Thursday 7:30 a.m. to 5:30 p.m.**



If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4641. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.

Listening devices are available for the hearing impaired – please see the City Clerk.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 10

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Edward Domingue, Director of Engineering Services
Owen Tunnell, Associate Engineer

SUBJECT: Final Map, Escondido Tract SUB09-0004, Located at 511 N. Escondido Boulevard

RECOMMENDATION:

It is requested that Council approve the Final Map for Tract SUB09-0004, an eight lot, 116 unit residential condominium subdivision, located at 511 N. Escondido Boulevard.

PREVIOUS ACTION:

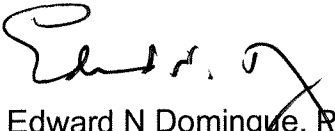
This project was recommended for approval by the Planning Commission on August 11, 2009, as Resolution 5866, and was approved as a Vesting Tentative Map, subject to the conditions set by the City Council on September 2, 2009, as Resolution 2009-119.

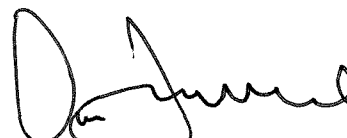
BACKGROUND:

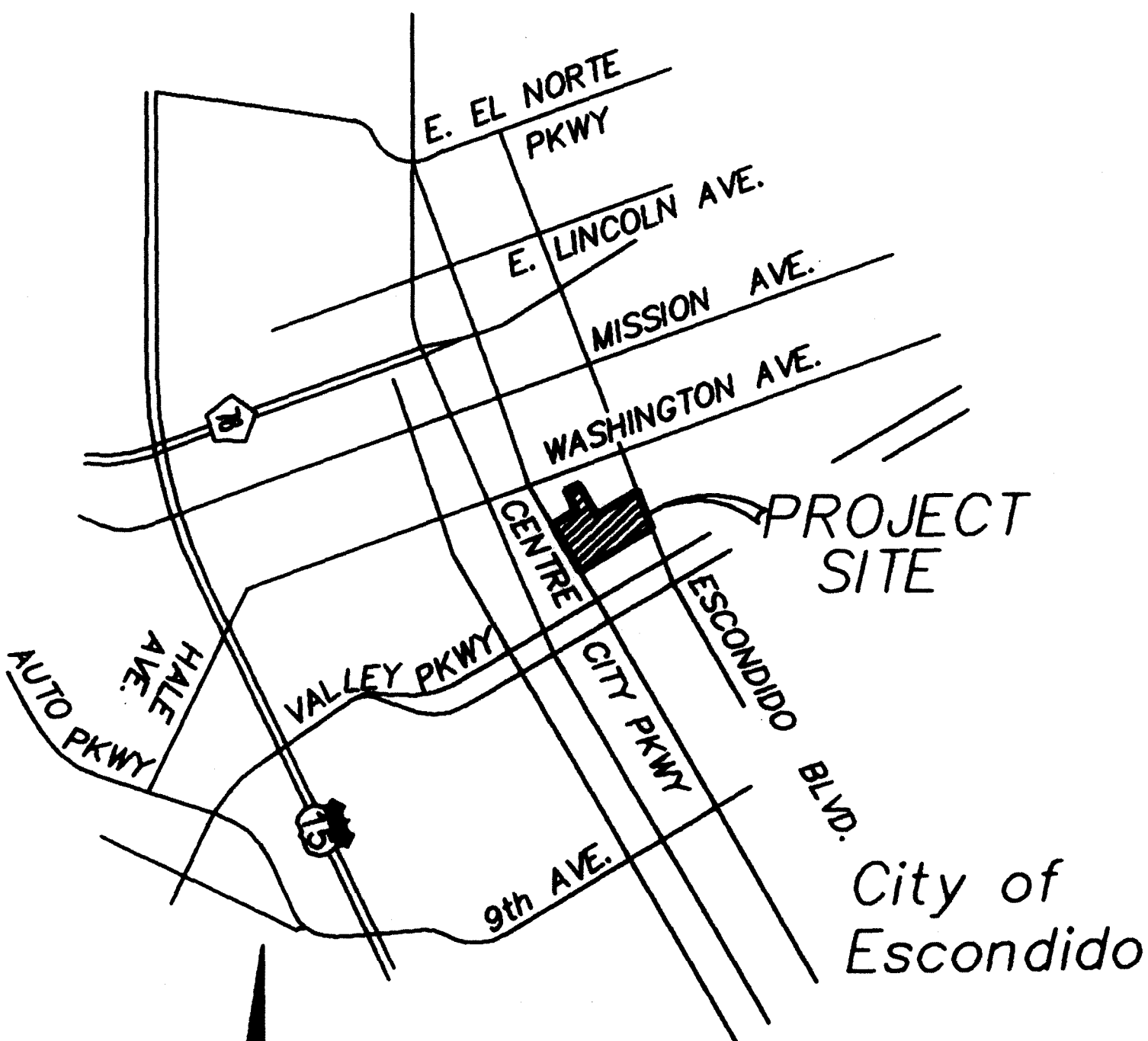
The Final Map for Tract SUB09-00004, when approved and recorded, will re-map the site of the original Paramount Development, which was destroyed by fire.

We have examined this Final Map and found it to be mathematically correct and substantially the same as it appeared on the Tentative Subdivision Map with any approved revisions thereof. This Final Map conforms to the provisions of the Subdivision Map Act and any local ordinances applicable at the time of approval. The Planning Department has reviewed and approved the Final Map.

Respectfully submitted,


Edward N Domingue, P.E.
Director of Engineering Services


Owen Tunnell
Associate Engineer



VICINITY MAP

NO SCALE



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 11

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Jim Maher, Chief of Police

SUBJECT: FY 2010-11 General Fund Police Budget Adjustments

RECOMMENDATION:

It is requested that Council approve FY 2010-11 adjustments to the General Fund Police Budget in the amount of \$112,945 for expenses reimbursed by outside agencies.

FISCAL ANALYSIS:

Adjustments will increase the FY 2010-11 Police General Fund Budget by \$112,945 and revenue budgets by the same amount, to offset unbudgeted expenses incurred by the Police Department.

PREVIOUS ACTION:

City Council approved the FY 2010-11 General Fund Budget on June 9, 2010.

BACKGROUND:

Periodically, outside agencies request Police assistance or participation in special details, operations or events. During FY 2010-11, the Police Department participated in activities listed below and received commitments to reimburse the following expenses:

CALNENA Conference & 911 for Kids Program	6,890	State of California
Human Trafficking Task Force (Overtime)	10,035	San Diego County
Narcotics Task Force (Overtime)	8,600	U.S. Dept. of Justice
Organized Crime Drug Enforcement Task Force (Overtime)	13,280	U.S. Dept. of Justice
Regional Auto Theft Task Force (Salary, OH and Overtime)	74,140	San Diego County
Total	<u>\$112,945</u>	

FY 2010-11 General Fund Police Budget Adjustments
June 22, 2011
Page 2

Expenses listed above were charged to the FY 2010-11 General Fund Police Budget. If approved by your action, budget adjustments will reimburse the Police Budget to offset actual costs incurred.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Maher". The signature is fluid and cursive, with a large initial "J" and a distinct "M" and "H".

Jim Maher
Chief of Police



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 12
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Susan Cervenka, Police Services Bureau Manager
SUBJECT: Animal Control Services Agreement with the Escondido Humane Society

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-82 approving a three-year animal control services agreement with the Escondido Humane Society (EHS), and authorizing the Mayor and City Clerk to execute contract documents on behalf of the City.

FISCAL ANALYSIS:

FY 2011-12 gross costs for animal control services in Escondido will be \$1,060,927. This amount will be offset by a land lease credit of \$35,026, and license and service fee revenue collected by EHS on behalf of the City (estimated at \$137,000). Net contract costs paid to EHS during FY 2011-12 will be \$888,901. This amount has been included in the FY 2011-12 General Fund Police Budget.

Compensation increases will equal a change in the Consumer Price Index in years two and three of the agreement. FY 2013-14 costs will also incorporate one replacement vehicle, split proportionally between contracting cities (currently Escondido, Poway and San Marcos).

PREVIOUS ACTION:

On June 9, 2010, City Council adopted Resolution 2010-91, approving an animal control services agreement with EHS through June 30, 2011.

BACKGROUND:

The City has contracted with EHS for services since July 2003, along with the Cities of Poway and San Marcos. Since that time, the Cities have negotiated jointly, but separately contracted for animal control and sheltering services with EHS. In doing so, the cities have achieved some economies of scale, as contract costs are allocated among the cities based 50% on calls for service and 50% on population. Each contract contains the same basic terms.

Under our agreements, powers and duties of EHS include:

1. Enforcing the laws of the State of California, City and County relating to the care, treatment, quarantine and impounding of animals;
2. Responding to emergency calls for service regarding dangerous and wild animals, stray livestock, loud and disturbing animals, animal bites on humans, arrests of persons with animals, injured animals, animal cruelty and other animal problems related to community health and safety;
3. Impounding, sheltering and vaccinating stray and relinquished animals;
4. Determining whether animals are suitable for adoption;
5. Collecting fees and maintaining records for animal control services and dog licensing in accordance with animal control regulations; and
6. Issuing administrative or criminal citations to enforce animal control regulations pursuant to Section 830.9 of the California Penal Code.

EHS charges cities based on their internal estimate that 78 percent of their costs are associated with animal control services. In FY 2009-10, EHS reported total costs to be \$2,301,803. 78 percent of their costs is \$1,805,950, which will be allocated among the three cities.

EHS operating costs increased \$92,043 between FY 2008-09 and FY 2009-10. Cost increases are related to maintenance (plumbing and HVAC repair costs), Worker's Compensation, veterinary services (medications, lab services, vet supplies and staffing for a part-time vet position), and volunteer services (vacant position was filled). Of this amount, \$39,075 will be passed to contract cities for animal control, along with expenses projected for two replacement vehicles totaling \$87,778. Overall, combined animal control costs for all three cities will increase \$126,853.

Contract costs for each jurisdiction are divided 50% on population and 50% on calls for service in the year prior. Escondido's population of 147,514 (SANDAG 2010) equates to about 52% of the total 283,961 for the three contract cities. Calls for service in Escondido were 2,832, or 60% of the total. Using a 50% population and 50% calls for service formula to allocate costs, Escondido's FY 2011-12 gross contract will increase \$54,682.

In addition to the Consumer Price Index clause, significant changes to the new agreement include:

- A reciprocal termination for convenience clause with a 180-day notice
- Goals for response times
- Clarified EHS reporting requirements
- Clarified payment procedures
- E-verify participation

Staff has evaluated options for animal control and shelter services, including the feasibility of contracting with San Diego County Department of Animal Services, contracting with non-profit organizations and offering City-run services. Currently, non-profit, profit and government providers

Animal Control Services Agreement With the Escondido Humane Society

June 22, 2011

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set up to offer animal control and or sheltering, including County Animal Services, lack shelter space to accommodate animals from Escondido. Due to budget constraints and up-front capital requirements needed to offer services in-house or partially in-house (vehicles, kennels, shelter space and equipment), other options are not feasible at this time. Staff is actively working with the Cities of Oceanside and San Marcos to develop alternatives for service provision in the future, which may include a joint powers agreement, or contracting with another jurisdiction or provider.

Staff recommends adoption of Resolution 2011-82, authorizing an agreement to continue services with EHS through June 30, 2014. If approved, fees charged for licenses, quarantines and animal services collected by EHS on behalf of the City would offset gross costs. Fees collected in excess of estimated revenue will be used to further reduce contract costs.

Respectfully submitted,

A handwritten signature in black ink that reads "Susan Cervenka". The signature is written in a cursive, flowing style.

Susan Cervenka
Police Services Bureau Manager

RESOLUTION NO. 2011-82

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, APPROVING A THREE-YEAR ANIMAL CONTROL SERVICES AGREEMENT WITH THE ESCONDIDO HUMANE SOCIETY AND AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE CONTRACT DOCUMENTS ON BEHALF OF THE CITY

WHEREAS, it has been determined to be in the City's best interest to retain the professional services of an organization to enforce the laws of the State of California relating to the care, treatment, quarantine and impounding of animals; and

WHEREAS, since July 1, 2003, the City has entered into agreements with the Escondido Humane Society to provide animal control and sheltering services for the City of Escondido; and

WHEREAS, on June 9, 2010, City Council adopted Resolution 2010-91 approving an agreement through June 30, 2011; and

WHEREAS, the City and the Escondido Humane Society agree to enter into a new agreement to continue services through June 30, 2014;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and City Clerk are hereby authorized to execute, on behalf of the City, an Animal Control Services Agreement ("Agreement") with the Escondido Humane Society from July 1, 2011, through June 30, 2014. A copy of the Agreement is attached to this resolution as Exhibit "A" and is incorporated by this reference.

CITY OF ESCONDIDO ANIMAL CONTROL SERVICES AGREEMENT

This Agreement is made this ___ day of June, 2011 between the City of Escondido, a municipal corporation, in the County of San Diego, State of California, referred to as "the City" and the Escondido Humane Society, a California non-profit corporation, referred to as "Contractor."

Whereas the current Agreement between the City and the Contractor will expire June 30, 2011; and

Whereas It has been determined to be in the City's best interest to retain professional services to provide animal control and sheltering services; and

Whereas Contractor is considered competent to perform the necessary professional services for City;

Now, therefore, it is agreed that:

1. Description of Services: Contractor will furnish all of the animal control services ("services") described in "Attachment A," which is attached and incorporated by this reference. The scope of services shall be reviewed and updated annually at the mutual agreement of the parties. Contractor also provides humane sheltering and adoption services as part of its mission as a non-profit organization. These services are outside of the scope of this Agreement, and the parties acknowledge Contractor's independent authority and autonomy over the delivery of such services.
2. Term and Time of Performance: This Agreement shall commence on July 1, 2011 and shall terminate on June 30, 2014, unless it is renewed or terminated by mutual written agreement of the parties pursuant to Paragraph 15 (Breach) and 16 (Termination).
3. Compensation: The City shall pay Contractor in accordance with the conditions specified in "Attachment B" and "Attachment C", both of which are incorporated herein by this reference. Contractor shall revise and re-submit "Attachment C" annually to incorporate changes in the Consumer Price Index, which changes must be first approved by City, in writing. No compensation will be provided for any other tasks without specific prior written consent from the City. Payment for services rendered shall occur monthly, within 30 days of receipt by City of a written invoice from Contractor. Any breach of this Agreement will relieve City from the obligation to pay the Contractor, if the Contractor has not corrected the breach after City provides notice and a reasonable time to correct it.

4. Performance: Contractor must faithfully perform all Services in a proficient manner, to the satisfaction of the City.
5. Controlling Ordinance: The provision of animal service within City's jurisdictional limits is presently governed by Chapter 4 of the Escondido Municipal Code, and by Chapter 6, Division 2 of Title 6 of the San Diego County Code of Regulatory Ordinances ("County Ordinance"). This Agreement shall be carried out consistent with such laws. Exceptions and additions to the County Ordinance and the Municipal Code shall be made at the City's sole discretion, with notice to Contractor of any such changes.
6. City Property: All original documents, drawings, electronic media, and other material prepared by Contractor under this Agreement immediately becomes the exclusive property of the City, and may not be used by Contractor for any other purpose without prior written consent of the City.
7. Records: All records generated by Contractor pursuant to this Agreement shall be open for City's inspection during reasonable business hours.
8. Confidentiality: All information received by the Contractor from the City that relates to the City's nonpublic information shall be considered confidential, as will information clearly marked "confidential." The Contractor shall refrain from disclosing or selling such confidential information to anyone but personnel who are performing services for the City under this Agreement. The City's dog-licensing database is information that shall be confidential and not be disclosed without written consent of the City. The City shall notify Contractor of any additional information provided to the Contractor to the City that the City considers confidential.
9. Insurance Requirements:
 - a. Contractor shall secure and maintain at its own cost, for all operations, the following insurance coverage unless reduced by the City Attorney:
 - 1) General liability insurance. Occurrence basis with minimum limits of one million dollars (\$1,000,000) each occurrence, two million dollars (\$2,000,000) General Aggregate and one million dollars (\$1,000,000) Products/Completed Operations Aggregate.
 - 2) Automobile liability insurance of \$1,000,000 (one million dollars) combined single-limit per accident for bodily injury and property damage;
 - 3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship, and
 - 4) Errors and Omissions professional liability insurance with a minimum coverage of \$1,000,000 (one million dollars).
 - b. Each insurance policy required above must be acceptable to the City Attorney:
 - 1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage

must be provided by an A.M. Best's A-rated, class V carrier or better, admitted in California, or, if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.

- 2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
- 3) Both the General Liability and the Automobile Liability policies must name the City specifically as an additional insured under the policy on a separate endorsement page. The "City" includes its officials, employees and volunteers. The endorsement must be ISO Form CG 2010, 11/85 edition or its equivalent for General Liability endorsements and CA 20-01 for Automobile Liability endorsements.
- 4) The General Liability policy must include coverage for bodily injury and property damage arising from Contactor's work, including its ongoing operations and products completed operations hazard.
- 5) The General Liability policy must be primary and noncontributory and any insurance maintained by the City is excess.

c. In executing this Agreement, Contractor agrees to have completed insurance documents on file with the City within 14 days after the date of execution. Failure to comply with these requirements will be a material breach of this Agreement, resulting in immediate termination at City's option.

10. Indemnification: Contractor (which includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless the City from all claims, lawsuits, damages, judgments, loss, liability, or expenses, including attorneys' fees, for any of the following:

- a. Any personal injuries, property damage or death that Contractor may sustain while using City-controlled property or equipment, while participating in any activity sponsored by the City, or from any dangerous condition of property;
- b. Any injury or death which results or increases by any action taken to medically treat Contractor, its agents employees or subcontractors; or
- c. Any claim of liability arising out of the negligence or any acts or omissions of Contractor in the performance of this Agreement.

11. Anti-Assignment Clause: Contractor may not assign, delegate, or transfer any interest or duty under this Agreement, or any portion of the Description of Services. Any such purported assignment, delegation, or subletting will void this entire Agreement, unless the City has previously approved such action in writing.

12. Independent Contractor: Contractor is an independent contractor and no agency or employment relationship is created by the execution of this Agreement.

13. Contractor Employees Are Not City Employees: Only Contractor's employees shall perform the services and functions described in this Agreement. Contractor's employees shall be entitled solely to the rights and privileges given to Contractor's employees and shall not be entitled to any additional rights and privileges given to

City employees. City shall not be liable for the direct payment of any salaries, wages, or other compensation to any of Contractor's employees performing services under this Agreement. The City shall not be liable for Worker's Compensation or indemnity to any of Contractor's employees for injury or sickness or other claims arising out of his or her employment except for claims or liability arising from the misconduct of the City, its agents, officers or employees.

14. Duties: The Contractor shall be responsible for the diligent performance of all of its obligations under this Agreement. For the purposes of performing these functions, the Contractor shall furnish and supply all necessary personnel, labor, supervision, equipment and supplies necessary to maintain the level of service to be rendered under this Agreement. City shall have the right to visit and inspect equipment and facilities used by Contractor.
15. Breach: City shall give written notice to Contractor of any alleged breach of this Agreement and Contractor shall have thirty (30) days to correct the breach and to describe to City in writing the corrective measures taken. If after thirty (30) days the alleged breach continues, it shall be determined a material breach.
16. Termination: Either Contractor or the City may terminate this Agreement for cause with thirty (30) days advance written notice. In the event of such termination, the City shall pay Contractor for services rendered, with the net cost to be pro-rated for the actual time of service.
17. Termination for Convenience: Except as otherwise provided herein, the City or Contractor may terminate this Agreement at any time provided that notice to terminate is provided in writing to the other party within one hundred eighty (180) days prior to the date of termination. In the event of such termination, the City shall pay Contractor for services rendered, with the net cost to be pro-rated for the actual time of service.
18. Termination Procedures: In the event of notice of termination of the Agreement, Contractor's and City's obligations under this Agreement shall continue without interruption through the effective date of termination. After receipt of notice of termination from City, Contractor shall continue to provide all animal control services as required in all contract documents until the effective date of termination provided by the City. Contractor shall transfer all records associated with animal control services, including dog licenses and user fees paid, in a format acceptable to the City within fifteen (15) days following the effective date of termination.
19. Merger Clause and Amendment: This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail. This Agreement may be amended only upon the written agreement of both parties.

20. Anti-Waiver Clause: None of the provisions in this Agreement will be waived by City because of previous failure to insist upon strict performance, nor will any provision be waived because any other provision has been waived by City, in whole or in part.
21. Severability: The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.
22. Choice of Law: This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the state or federal courts located in North San Diego County, California. Contractor hereby waives any right to remove any action from San Diego County as is otherwise allowed by California Code of Civil Procedure section 394.
23. Multiple Copies of Agreement/Counterparts: Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.
24. Provisions Cumulative: The foregoing provisions are cumulative and in addition to and not in limitation of any other rights or remedies available to the City.
25. Notices to Parties: Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party:

CONTRACTOR:

Escondido Humane Society
PO Box 460249
Escondido, CA 92046-0249
Attn: Sally Costello
(760) 888-2201

CITY:

City of Escondido
1163 N. Centre City Parkway
Escondido, CA 92026
Attn: Susan Cervenka
(760) 839-4402

26. Business License: Contractor is required to obtain a City of Escondido Business License prior to execution of the Agreement.
27. Compliance with Applicable Laws, Permits, and License: Contractor shall keep itself informed of and comply with all applicable federal, state, and local laws, statutes, codes, ordinances, regulations, and rules in effect during the term of this Agreement. Contractor shall obtain any and all licenses, permits and authorizations necessary to perform services set forth in this Agreement. Neither City, nor any elected nor appointed boards, officers, officials, employees, or agents of City shall be liable, at law or in equity, as a result of any failure of Contractor to comply with this section.

28. Immigration Reform and Control Act of 1896: Contractor shall keep itself informed of and comply with the Immigration Reform and Control Act of 1986. Contractor affirms that as an employer in the State of California, all new employees must produce proof of eligibility to work in the United States within the first three days of employment and that only employees legally eligible to work in the United States will be employed on this public project. Contractor agrees to comply with such provisions before commencing and continuously throughout the performance of this Agreement.

29. E-Verify Participation: Contractor agrees to enroll in and begin use of the United States Department of Homeland Security's ("DHS") E-Verify program ("E-Verify") within thirty (30) days of the execution of this Agreement to confirm employment eligibility of all of Contractor's potential new hires. Contractor agrees and understands that E-Verify enrollment requires. Contractor to sign a Memorandum of Understanding ("MOU") with DHS which provides the E-Verify terms of use. Any violation of the MOU by Contractor is grounds for DHS termination of Contractor's participation in the E-Verify program. Any such termination by DHS shall constitute grounds for City's immediate termination of this Agreement.

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30. In Witness Whereof, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Sam Abed,
Mayor

Date: _____

Marsha Whalen
City Clerk

ESCONDIDO HUMANE SOCIETY

Date: _____

Sally Costello
Director

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
Jeffrey R. Epp, City Attorney

By: _____

ATTACHMENT A

SCOPE OF SERVICES

I. INTENT

The intent of this contract is to define and to authorize the various powers and duties of the Contractor for animal control in accordance with adopted statutes. These powers and duties include:

- A. Enforce the laws of the State of California, City and County relating to the care, treatment, quarantine and impounding of animals.
- B. Take up, impound and safely care for any animals for the purpose of determining if the animal's custodian is found to be in violation of adopted codes, or if the animal is found to be in need of shelter for other reasons.
- C. Collect any costs or charges adopted by the City Council for the impounding, licensing and keeping of any animal;
- D. Determine whether an animal is suitable for adoption or whether an animal should be euthanized;
- E. Administer the training of its Animal Control Officers, pursuant to Section 832 of the California Penal Code.
- F. Issue administrative or criminal citations to enforce animal control regulations pursuant to Section 830.9 of the California Penal Code.

II. SERVICES

Services to be provided by the Contractor include but are not limited to the following:

A. General Animal Control

1. Humanely and efficiently enforce all laws of the State of California and ordinances of the City pertaining to animal control.
2. Respond to calls for Animal Control Services between the hours of 7:00 a.m. and 10:00 p.m. daily (Field Service Hours) according to the priority categories listed in this Agreement. An after-hour duty officer shall provide emergency responses to Priority One calls during non-Field Service Hours. Contractor shall maintain a voice messaging service for public inquiries during non-Field Service Hours.

a. **Priority One Calls: (Response time is 1 hour)**

Any calls that are considered urgent, or where an animal or person is in danger, such as:

- 1) Injured animals
- 2) Bites where the animal is still at large
- 3) Animals left unattended in a vehicle
- 4) Aggressive animal posing an immediate threat

b. Priority Two Calls (Response time is 12 hours)

These are normal calls such as:

- 1) Confined Strays
- 2) Non-aggressive dogs running at large
- 3) Neglect investigations

c. Priority Three Calls (Response time is 24 hours)

These are low priorities calls such as:

- 1) Quarantines
- 2) Transports
- 3) Barking complaints
- 4) Running at large complaints

d. Priority Four Calls (Response time is 5 days)

These are low priority calls such as:

- 1) License checks
- 2) Low priority welfare investigations

3. Provide active field/patrol coverage 15 hours per day (7:00 a.m. to 10:00 p.m.), seven days per week. Provide on-call services 9 hours per day (10:00 p.m. to 7:00 a.m.).
4. Maintain voice-messaging services for emergencies and public inquiries during non-operational hours.
5. Maintain shelter hours 24 hours per day, seven days per week for feeding and care of lost, abandoned and impounded animals. Maintain shelter hours for public access from 10:00 a.m. to 6:00 p.m. seven days a week, excluding public holidays.
6. Maintain kennels and animal shelter facilities in a humane and sanitary condition at all times, in accordance with the laws of the State of California.
7. Pick up and impound stray animals in accordance with the laws of the State of California, City and County relating to the care, treatment, quarantine and impounding of animals.
8. Shelter animals consistent with approved animal control regulations. Animals not claimed after such time designated by adopted regulations shall become the property of the Contractor and may be given for adoption at the discretion of the Contractor, but may not be used for research purposes.
9. As necessary, collect, impound or dispose of wild animals found in the city in violation of animal control regulations.
10. Collect any and all applicable fees and maintain records for animal control services rendered in accordance with animal control regulations.

11. Investigate, respond to, and maintain record of all instances of bites and scratches according to adopted regulations and applicable laws. Inform victims and dog owners of the appropriate procedures, their rights and obligations pertaining to dog bites on humans.
12. Quarantine and monitor animals in accordance with State law. Instances of in-home quarantine shall be monitored by at least one observation visit during the quarantine period.
13. Rescue animals on public property and streets, which are injured or which pose a threat to the public.
14. Provide emergency medical care to sick and injured animals that are impounded or collected within the scope of this agreement.
15. Euthanize animals as necessary and consistent with approved animal control regulations and applicable state laws.
16. Attempt to identify impounded animals and contact registered owners, including scanning for identification chips.
17. Dispose of dead animals in a lawful manner using an animal disposal company.
18. Inspect properties, as needed in accordance with applicable animal control regulations.
19. Investigate and respond to allegations of animal neglect and cruelty.
20. Respond to barking dog and disturbance complaints by providing information about animal owner rights, and responsibilities, and respond to the complaining party with written or electronic correspondence when possible. Inspect private animal facilities kennels as needed.
21. Issue administrative and criminal citations for violations of City and State animal control laws and issue notices regarding confinement and destruction of deceased or vicious animals or habitual offenders. Maintain records and prepare reports concerning violations, filing them when necessary, and testify in court concerning violations.
22. Vaccinate impounded animals against common communicable diseases as needed.

B. Law Enforcement and Code Enforcement

1. Participate in training with law enforcement, fire and code enforcement officials regarding protocol for investigating, documenting and submission of documents for prosecution.
2. Cooperate with the City in creating and fulfilling a separate procedures checklist for barking dog cases, code enforcement cases, and criminal prosecution.

C. Licensing

1. Issue dog licenses at Contractor's facility in accordance with applicable County of San Diego license fee schedule.
2. Maintain a computer database of license information for City. Database shall include rabies vaccination information.
3. Provide animal license information to City in an acceptable format upon request.

D. Personnel

1. Hire qualified personnel to perform work under this agreement with the City, with approved job descriptions.
2. Adopt and practice personnel rules that conform to federal and state laws.

E. Customer Service

1. Resident Complaints: Contractor shall attempt to resolve resident complaints pertaining to Animal Control Services provided by Contractor at Administrative or Field Level. Complaints from residents directed to the City shall be forwarded to Contractor for evaluation and/or investigation, with follow-up report to City.
2. Contractor shall establish written complaint procedures acceptable to City. Complaints shall be logged into a database maintained by the Contractor and made available to City upon request.
3. Contractor shall provide copies of all written policies and procedures distributed to the public to City.
4. Contractor shall provide prompt (one business day) response to City when City designates the need for a priority response.

F. Reporting

1. Activities Report - Submit statistical and narrative activity reports to the City as requested. Reports shall include the following information, and presented in a format acceptable to the City:
 - a. Impounds – Number of forced impounds (cruelty, shelter quarantines, animals that pose a threat to persons or property), owner relinquished impounds, stray animals (licensed, unlicensed) impounded and number of days boarded.
 - b. Disposition – Number adopted, euthanized and claimed.
 - c. Medical Treatment - Number of animals treated.
 - d. Calls for Service – Number of calls during business hours, after hours and those classified as emergencies.
 - e. Enforcement – Number of citations issued, emergency calls, investigations (bites, kennels, vicious dogs, other) and quarantines (home).

- f. Compliance – Number of vaccinations (reported), licenses (issued) and total number of animals licensed in city.
- g. Updated information on dogs identified as dangerous.
- h. Other – Information about the following:
 - 1) Small claims actions filed and fees recovered
 - 2) Customer complaints
 - 3) Staffing (Provide names and titles of persons performing animal control services for City on initial report. On subsequent reports include changes to this information only.)

2. Financial Reports

Provide City with monthly financial reports related to animal control within the City. Reports shall be in a format acceptable by the City, and shall include but are not limited to the following information:

- a. Animal Control Revenue - Licensing revenue, impound fees, quarantine fees (home/shelter), boarding fees and other fees charged on the City's behalf.
- b. Animal Control Operating Expenses – General expenses (annual) to ensure City is informed on costs, trends and operational needs of Contractor.

3. Inspection of records

All records evidencing services to City shall be open for examination and audit within one business day.

G. Sale of Animals for Research

The Contractor agrees not to provide animals originating in City to any facility for research purposes.

III. FACILITIES

Contractor agrees to allow facility to be available for inspection by City during normal business hours (or at a mutually agreed upon time).

ATTACHMENT B

SCOPE OF COMPENSATION

1. Contract compensation is derived from an Escondido Humane Society (EHS) formula allocating 78 percent of their total costs to providing contracted animal control service for the cities of Escondido, Poway and San Marcos. The three cities then apportion the shared animal control service costs based upon a formula that attributes fifty percent of the costs to respective calls for service and fifty percent to each city's human population. The City of Escondido shall receive an annual \$35,000 lease credit.
2. Contractor also collects revenue associated with dog licensing and other fees associated with animal control services. While each city guarantees payment at a specified level, actual payments are calculated by subtracting the anticipated revenues from the guaranteed payment level, then dividing the annual amount owed into 12 monthly payments.
3. Guaranteed compensation to be paid by the City of Escondido in year one of this contract shall be \$976,306. This figure is based upon \$1,011,332 in allocated costs less the \$35,026 lease credit.
4. Estimated annual revenue for the City of Escondido is \$137,000. Estimated annual contract payment to Contractor is \$839,306. Monthly amount invoiced shall be \$69,942.17.
5. On or about July 1, 2011, the City of Escondido shall provide Contractor an additional \$49,595 for the specific purpose of purchasing a fractional share of two vehicles to be used for animal control services.
6. On July 1, 2012, the total guaranteed compensation contract year two shall change by multiplying the 2011 compensation by the percentage change in the overall Consumer Price Index (CPI) as published in The United States Department of Labor Consumer Price Index Detail Report, Complete Text and Tables (January 2012 Report), and that amount shall be added to the 2011 compensation to arrive at the 2012 compensation level. Prior to the start of contract year two, City will recalculate the annual contract payment and monthly invoice amount based upon expected annual revenue.
7. On July 1, 2013, the total guaranteed compensation for year three shall change by multiplying the 2012 compensation by the percentage change in the overall Consumer Price Index (CPI) as published in The United States Department of Labor Consumer Price Index Detail Report, Complete Text and Tables (January 2013 Report), and that amount shall be added to the 2012 compensation to arrive at the 2013 compensation level. Prior to the start of contract year three, City will recalculate the annual contract payment and monthly invoice amount based upon expected annual revenue.

8. On or about July 1, 2013, the City of Escondido shall provide Contractor an additional \$24,797 for the specific purpose of purchasing a fractional share of one vehicle to be used for animal control services.

9. Contractor will prepare invoices on the last day of the month and then attach the required monthly reports and submit. Contractor shall be paid by the last day of the month after the service has been performed

10. In the event that Contractor does not collect the annual estimated amount of revenue specified in the Annual Revenue and Payment Plan, attached as Attachment C and incorporated into this Agreement, City shall pay Contractor the difference between the estimated amount and the actual amount collected. City shall make such payment within 30 days receipt of a written invoice from Contractor.

11. Contractor shall provide City written notice of any revenue surplus or deficiency within thirty (30) days after the end of the fiscal year.

12. Any revenue above that estimated in the annual Revenue and Payment Plan shall be returned to the City or deducted from the next City billing.

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ATTACHMENT C

**ANNUAL REVENUE AND PAYMENT PLAN
BETWEEN THE ESCONDIDO HUMANE SOCIETY
AND THE CITY OF ESCONDIDO
FOR THE PROVISION OF ANIMAL CONTROL SERVICES**

- 1. This Revenue and Payment Plan, made and agreed to for the period beginning July 1, 2011, and ending June 30, 2012, between the City of Escondido ("City") and the Escondido Humane Society ("Contractor"), shall become a part of the Agreement between said parties.
- 2. Contractor shall provide animal control services to the City as specified in the Agreement.
- 3. Estimated annual revenue for the City of Escondido is \$137,000. Estimated annual contract payment to EHS is \$839,306. Monthly amount invoiced shall be \$69,942.17.
- 4. Attachment C shall be revised annually based upon changes in the Consumer Price Index and estimated revenue.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Marsha Whalen
City Clerk

ESCONDIDO HUMANE SOCIETY

Date: _____

Sally Costello
Director

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 13

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Jim Maher, Chief of Police

SUBJECT: FY 2011 Police Tow Service Contracts

RECOMMENDATION:

Adopt Resolution 2011-86 authorizing the Mayor and City Clerk to execute Police Tow Service contracts with Al's Towing, Inc.; A-Z Enterprises, Inc.; Allied Gardens Towing, Inc.; HMR, Inc., dba El Norte Towing; NK Towing & Roadside Services, Inc.; and Roadway Auto Towing to provide police tow services.

FISCAL ANALYSIS:

Contracts for police tow services will include a \$450,000 annual fee divided equally among the tow contractors, payable to the City in quarterly increments.

PREVIOUS ACTION:

On March 29, 2009, City Council authorized staff to proceed with a Request for Qualification (RFQ) process for the City's current tow contract. Contracts were approved via Resolution 2009-62 on June 3, 2009, for an 18-month period. In December 2010 City Council authorized staff to conduct an RFQ for a new contract.

BACKGROUND:

Under contract with the City, local tow companies provide Police towing, impound and referral services. Police tows and impounds include towing of vehicles at the direction of the Police Department where the consent of the vehicle owner is not required under existing law, including the towing of motor vehicles which are illegally parked, abandoned, are evidence of a crime, or are otherwise subject to the authority of the Police Department. Referral tows include vehicles towed by the Police Department at the request of the vehicle owner. Current contracts expire on June 30, 2011.

In March 2011 City staff requested qualifications from local companies for a new contract to begin on July 1, 2011. Proposals were due on April 21, 2011, and seven companies responded to the City's request, including Al's Towing, Inc.; A-Z Enterprises, Inc.; Allied Gardens Towing, Inc.; HMR, Inc. dba

El Norte Towing; NK Towing & Roadside Services, Inc.; Roadway Auto Towing; and Rancho Del Oro Towing.

Upon receipt of the responses, the Police Department established a multi-disciplinary inspection team represented by personnel from the Police, Code Enforcement and Fire Departments. This team conducted on-site and financial record inspections, and evaluated submittals to determine compliance with the RFQ document. On-site inspections included evaluation of tow company vehicles, buildings and lots, against specific criteria listed in the RFQ. Based on the inspections and information submitted, the team determined the following companies are qualified to enter into contracts:

- Al's Towing, Inc.
- A-Z Enterprises, Inc.
- Allied Gardens Towing, Inc.
- HMR, Inc. dba El Norte Towing
- NK Towing & Roadside Services, Inc.
- Roadway Auto Towing

Rancho Del Oro Towing does not meet qualifications and requirements of the contract and the RFQ process at this time for the following reasons:

- The storage yard size has only 17,206 square feet of storage area. They have no secure storage containers nor secured inside storage. The RFQ requires a minimum of 20,000 square feet of storage.
- The inspection team was advised by the company's general manager that he was not going to participate in the application process with the City.

City staff recommends your authorization today to execute 36-month contracts with each of the qualified companies listed above. These contracts will expire on June 30, 2014. Contract terms will require tow companies to submit monthly financial and rotation reports, which will provide detailed information to the City about tows performed under agreement. If approved by your action today, the contract will also require tow companies to make quarterly payments on an annual fee of \$450,000, divided among the companies under the contract, which will cover the unreimbursed costs of administering the tow program under the City's contract.

Respectfully submitted,



Jim Maher
Police Chief

RESOLUTION NO. 2011-86

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, TOW COMPANY CONTRACTS WITH AL'S TOWING, INC.; A-Z ENTERPRISES, INC.; ALLIED GARDENS TOWING, INC.; HMR, INC., DBA EL NORTE TOWING; NK TOWING & ROADSIDE SERVICES, INC.; AND ROADWAY AUTO TOWING

WHEREAS, it is in the best interest of the City to retain the professional services of qualified organizations to provide police tow, impound and referral services for the City; and

WHEREAS, the City of Escondido entered into current Police Tow Services Agreements with Al's Towing, Inc.; A-Z Enterprises, Inc.; Allied Gardens Towing, Inc.; HMR, Inc., dba El Norte Towing; on June 3, 2009; and

WHEREAS, current tow services agreements expire on June 30, 2011; and

WHEREAS, the City and tow companies desire to enter into new agreements for police tow, impound and referral services through June 30, 2014;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That on behalf of the City, the Mayor and City Clerk are authorized to execute Police Tow Services Agreements, in substantially similar form to that which is incorporated to this Resolution as Exhibit "A," and subject to final approval as to form by the City Attorney, which will be signed by the following companies: Al's Towing, Inc.; A-

Z Enterprises, Inc.; Allied Gardens Towing, Inc.; HMR, Inc., dba El Norte Towing; NK Towing & Roadside Services, Inc.; and Roadway Auto Towing.



**CITY OF ESCONDIDO
TOW SERVICES AGREEMENT (TSA)**

This Agreement is made this _____ day of _____, 2011 between the CITY OF ESCONDIDO ("CITY"), a municipal corporation, in the County of San Diego, State of California, and _____ ("TOW COMPANY").

WHEREAS, CITY and TOW COMPANY desire to enter into this Agreement for the performance of towing, impound and referral tow services for CITY's Police Department;

NOW, THEREFORE, IT IS AGREED THAT:

1. Description of Services: TOW COMPANY will furnish all of the services described in Attachment A. Attachment A is incorporated by reference.
2. Compensation: The TOW COMPANY will compensate CITY in the amount of \$ 75,000 annually, payable in four equal portions due on the first day of July, October, January and April during the term of this Agreement. This amount may be changed as described elsewhere.
3. Term and Time of Performance: This Agreement shall commence on July 1, 2011 and shall expire in three (3) years on June 30, 2014.
4. Performance: TOW COMPANY must faithfully perform in a proficient manner, to the satisfaction of CITY, all the work or services described in the Description of Services, above.
5. CITY Property: All original documents, drawings, electronic media, and other material prepared under this Agreement immediately becomes the exclusive property of CITY, and may not be used by TOW COMPANY for any other purpose without prior written consent of CITY.
6. Insurance Requirements:
 - a. TOW COMPANY represents that it and its employees, agents, and sub-contractors will be protected at all times during the term of the Agreement by the following insurance coverage:
 1. General liability insurance with at least \$2 million combined single-limit coverage per occurrence for bodily injury and property damage;

2. Automobile liability insurance of \$2 million combined single-limit per accident for bodily injury and property damage; and

3. Workers' compensation and employer's liability insurance.

b. Each insurance policy required above must:

1. Name CITY (which in this paragraph includes its officials, employees, and volunteers) specifically as an additional insured under the policy on a separate endorsement page, with the exception of the workers' compensation policy;

2. Provide for written notice within 30 days or less of policy cancellation or termination;

3. Provide coverage by a Best's A-V rated carrier or better, admitted in California; and

4. Provide a service of suit endorsement for all carriers not admitted in California.

c. With respect to the workers' compensation and employers' liability insurance, Tow Company waives all rights of subrogation against CITY.

d. Any deductibles or self-insured retentions over \$5,000 must be declared to and approved by the CITY Attorney. At the option of the CITY Attorney, either: the TOW COMPANY shall reduce or eliminate such deductibles or self-insured retentions which apply to TOW COMPANY'S indemnity of CITY, its officials, employees, agents or volunteers; or the TOW COMPANY shall procure an additional letter of credit or bond guaranteeing such indemnity, to the satisfaction of the CITY Attorney.

e. TOW COMPANY agrees that approved insurance documents will be on file at the same time as the execution of the Agreement, and that proof of insurance will be provided on an annual basis throughout the term of this Agreement. Failure to maintain valid insurance, or to provide proof of insurance at the time of execution or on an annual basis, shall constitute a material breach of this Agreement.

7. Indemnification: TOW COMPANY (which in this paragraph 7 includes its agents, employees and subcontractors, if any) agrees to indemnify, defend, and hold harmless CITY from all claims, lawsuits, damages, judgments, loss, liability, costs or expenses, including attorneys' fees, for any of the following:

a. Any personal injuries, property damage or death that TOW COMPANY may sustain while using CITY-controlled property or equipment, while participating in any activity sponsored by CITY, or from any dangerous condition of public property;

b. Any injury or death which results or increases by any action taken to medically treat any agent, employee, representative or subcontractor of TOW COMPANY; or

c. Any claim of liability arising out of the negligence or any acts or omissions of any agent, employee, representative or subcontractor of TOW COMPANY in the performance of this Agreement.

8. Assignment, Delegation, Subcontracting: The services of TOW COMPANY are personal to CITY, and TOW COMPANY may not assign, delegate, or subcontract any interest in this Agreement without written approval from CITY. A controlling interest in the TOW COMPANY may not be sold to, merged with, or dissolved into another company or legal entity without the advance written approval of CITY, which shall not be unreasonably withheld.

9. Independent Contractor: TOW COMPANY is CITY's independent contractor, and no express or implied agency or employment relationship is created by this Agreement. TOW COMPANY'S agents, employees, and representatives shall not be entitled to any benefits to which CITY employees are entitled.

10. Merger Clause: This Agreement and its Attachments, if any, are the entire understanding of the parties, and there are no other terms or conditions, written or oral, controlling this matter. In the event of any conflict between the provisions of this Agreement and any of its Attachments, the provisions of this Agreement must prevail.

11. Anti-Waiver Clause: None of the provisions in this Agreement will be waived by CITY because of previous failure to insist upon strict performance, nor will any provision be waived because any other provision has been waived by CITY, in whole or in part.

12. Severability: The invalidity in whole or in part of any provision of this Agreement will not void or affect the validity of any other provisions of this Agreement.

13. Choice of Law: This Agreement is governed by the laws of the State of California. Venue for all actions arising from this Agreement must be exclusively in the Superior Court of California, County of San Diego, North County Judicial Division, located in Vista, California.

14. Multiple Copies of Agreement/Counterparts: Multiple copies and/or counterparts of this Agreement may be executed, including duplication by photocopy or by computerized scanning device. Each duplicate will be deemed an original with the same effect as if all the signatures were on the same instrument. However, the parties agree that the Agreement on file in the office of the Escondido City Clerk is the copy of the Agreement that shall take precedence should any differences exist among copies or counterparts of the document.

15. Provisions Cumulative: The foregoing provisions are cumulative and are in addition to, and not in limitation of, any other rights or remedies available to CITY.

16. Notices to Parties: Any statements, communications or notices to be provided pursuant to this Agreement must be sent to the attention of the persons indicated below. Each party agrees to promptly send notice of any changes of this information to the other party:

TOW COMPANY:

CITY:

City of Escondido
201 N. Broadway
Escondido, CA 92025
Attn: Tow Coordinator
760-839-4424

17. Business License: The TOW COMPANY will be required to obtain a City of Escondido Business License prior to execution of this Agreement.

18. E-Verify Participation: TOW COMPANY agrees to enroll in and begin use of the United States Department of Homeland Security's ("DHS") E-Verify program ("E-Verify") within thirty (30) days of the execution of this Agreement to confirm employment eligibility of all of TOW COMPANY'S potential new hires. TOW COMPANY agrees and understands that E-Verify enrollment requires TOW COMPANY to sign a Memorandum of Understanding ("MOU") with DHS which provides the E-Verify terms of use. Any violation of the MOU by TOW COMPANY is grounds for DHS' termination of TOW COMPANY'S participation in the E-Verify program. Any such termination by DHS shall constitute grounds for CITY'S immediate termination of this Agreement.

(Continued on following signature page)

IN WITNESS WHEREOF, the parties below are authorized to act on behalf of their organizations, and have executed this Agreement as of the date set forth below.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Marsha Whalen
City Clerk

(Tow Company name and address)

Date: _____

(Tow Company signature)

Title

(The above signature must be notarized)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

THE CITY OF ESCONDIDO DOES NOT DISCRIMINATE AGAINST QUALIFIED PERSONS WITH DISABILITIES.

Attachment A

Description of Services

1. Tow Service Agreement. This Tow Service Agreement (TSA) contains terms and conditions that a company agrees to comply with in order to receive and maintain a rotation tow listing with the Escondido Police Department (EPD). Participation in the EPD Rotation Tow Program is voluntary. An operator, by agreeing to participate in the program, does not establish a contractual relationship with the EPD and is not acting as an agent for the EPD or any government agency or the State of California when performing services under the TSA. Exceptions to compliance with the TSA, shall not be authorized by verbal agreement. Failure to comply with any requirement in the TSA will be cause for disciplinary action. The right of any individual involved in a non-criminal traffic collision to call the tow company of their own choosing (an on-demand tow) shall not be infringed upon except in those cases where an unnecessary delay in removing the motor vehicle will, in the opinion of the investigating Peace Officer, diminish public safety or in cases where the individual is incapacitated and unable to make a decision.

2. Rotation. CITY will establish a weekly rotation of tow companies as provided in the Agreement. Each tow company participating will receive allocations of like periods in sequence in accordance with a schedule developed by the CITY.

3. Tow License Fee. CITY shall retain the right to impose alternative forms of taxes and/or fees in the event that the tow license fees are no longer assessable due to a subsequent change in federal, state or local law.

4. Definitions.

a. "Police Tows and Impounds" shall mean the towing of vehicles at the direction of the Police Department where the consent of the vehicle owner to tow the vehicle is not required under existing law, including the towing of motor vehicles which are illegally parked, abandoned, are evidence of a crime, or are otherwise subject to the authority of the Police Department.

b. "Referral Tows" shall mean the towing of a vehicle by the Police Department at the request of the vehicle owner.

c. "On-demand tows" shall mean the towing of a vehicle by a specific Tow Company that has been requested by the vehicle owner or operator. On-demand tows are services not covered by this request for proposal or resulting Agreement.

5. Tow Company Requirements.

a. TOW COMPANY shall comply with all provisions of the California Labor Code, and all applicable federal, state, and local laws.

b. TOW COMPANY shall be responsible for all acts of their employees while those employees are performing services for CITY.

c. TOW COMPANY shall have a minimum of three (3) verifiable year's for-hire towing experience, as an owner or principal, prior to the final filing date of an enrollment period in order to qualify for a rotation tow listing. Operators and owners who do not meet the three (3) verifiable years for-hire towing experience, if a full time manager is continually employed and the manager possesses three (3) verifiable years for-hire tow experience, as an owner, principal or full time manager. The designation of manager implies general power and permits reasonable inference that the employee so designated is invested with a certain amount of discretion and independent judgment. Verification of eligibility shall be determined by the CITY. A change in ownership or principal shall terminate the TSA. A change in manager shall suspend this TSA until a subsequent manager is hired and the CITY verifies his prior for-hire towing experience.

d. Effective July, 1, 2011, TOW COMPANY shall require all new operators, principals, managers and any employees involved in the physical act of providing towing services under the TSA be fingerprinted (via Live Scan) for the purpose of a criminal background check.

e. TOW COMPANY and its employees are Independent Contractors and are not agents or employees of CITY. It is acknowledged that an operator's performance and demeanor may reflect either positively or negatively on CITY. Accordingly, TOW COMPANY employees must refrain from acts of misconduct including but not limited to:

1. Rude or discourteous behavior;
2. Lack of service or refusal to provide service to the public;
3. Any act of sexual harassment or sexual impropriety;
4. Unsafe driving practices; and
5. Exhibiting any objective symptoms of alcohol or drug intoxication or abuse.
6. Failure to report any violation of the terms of this TSA.

f. TOW COMPANY shall ensure tow truck drivers responding to calls for service are competent and have completed a Tow Service Agreement Advisory Committee (TSAAC) approved tow truck driver training program within the past five (5) years.

g. TOW COMPANY shall maintain enrollment in a controlled substance and alcohol testing (CSAT) program and shall ensure each tow truck operator participates in the program. TOW COMPANY shall notify CITY if an operator receives a positive result on any substance abuse or alcohol testing.

h. TOW COMPANY shall notify the Escondido Police Department's Tow Coordinator of any arrest and/or conviction of a tow truck driver, or the operator, prior to the beginning of the next on duty rotation.

i. TOW COMPANY shall provide tow truck operators with uniform attire that consists, at a minimum, of a collared shirt. The collared shirt shall conspicuously identify the company employing the operator. Additionally, the shirt shall have the first initial and last name of the operator embroidered above the right breast pocket. The company-issued uniform shall be kept clean and in good repair.

j. TOW COMPANY must establish a training policy and procedures for drivers that encounter vehicles with potential blood borne pathogens. This includes a checklist of equipment to be on each tow truck and at the storage facility.

k. TOW COMPANY shall courteously provide any information required by claimant to effect the release of the impounded vehicle including: confirming that a particular vehicle is in TOW COMPANY's possession, directions to the location of the vehicle, the method of securing its release, documentation required, applicable charges and fees required to be paid and terms of payment.

l. TOW COMPANY shall efficiently process claimants' requests so that legitimate and appropriate requests for the release of stored or impounded vehicles are completed within one (1) hour of the time a claimant arrives at the TOW COMPANY's business office/storage yard.

m. Charges and Fees.

1. TOW COMPANY shall be authorized to, and responsible for, collecting applicable towing and impound charges prior to releasing a vehicle.
2. Attachment 1 provides a complete schedule of the maximum charges and fees that contracted TOW COMPANY is authorized to collect from consumers for towing/storage and referral services rendered under the TSA. Rates may be reviewed annually by CITY for possible changes to the rates on the fee schedule.
3. Attachment 1 shall be posted in a conspicuous place at all locations where TOW COMPANY does business and in every tow truck for consumer viewing. This posting shall also include all instructions necessary for consumers to affect an after-hours vehicle release.

n. All invoices for towing and impounds shall be clearly itemized by charge or fee type and must include Case Numbers to track billing. Disputes associated with police-initiated towing and impound services that cannot be satisfactorily resolved by the parties involved shall be adjudicated by CITY. At times there will be releases stating

“Bill at CITY Rate.” TOW COMPANY agrees that this CITY Rate is one-half of the tow rate plus \$2 per day for storage.

o. TOW COMPANY and their employees shall not be offered nor accept gratuities pursuant to CVC Section 12110(a).

6. Tow Truck Operators.

a. Tow truck operators shall be at least 18 years old and shall possess the proper class of license and endorsements for the towed and towing vehicle.

b. Tow truck operators shall have completed a Tow Service Agreement Advisory Committee (TSAAC) approved tow truck driver training program within the past five (5) years and shall have on their person a CITY issued identification badge at all times when performing a service required under this agreement. The identification badge shall bear the tow truck operator's name and picture. Each operator will have a training and background check completed by the City of Escondido Police Department prior to issuance of a badge.

c. Employees of TOW COMPANY shall be properly trained and qualified to perform all work undertaken by or assigned to them. TOW COMPANY shall develop a base line tow truck driver qualification sheet for new drivers. The qualification sheet shall be completed prior to the driver going into service alone. Each driver must complete a certified California Tow Truck Association (CTTA) course or equivalent. TOW COMPANY must provide CITY with all current training received by each driver.

d. All tow drivers must enroll and successfully complete the Pull Notice Program through the Department of Motor Vehicles. Enrollment of tow drivers is the responsibility of TOW COMPANY and must occur before a tow truck operator may receive a City issued identification badge. Pull Notices shall be kept on file and be made available upon request of the Tow Coordinator.

e. All tow truck drivers must wear their respective uniform and a CITY issued identification badge. Non-employees of TOW COMPANY may not respond to a CITY call for service under this TSA.

f. Tow truck operators shall maintain a professional standard of personal appearance and hygiene and shall wear appropriate personal protective and safety equipment.

7. Tow Trucks. TOW COMPANY shall maintain all applicable and valid permits for each tow truck in service. TOW COMPANY must maintain documentation on file that demonstrates that all tow trucks in its fleet have passed a California Highway Patrol (CHP) tow truck safety inspection in the last twelve months. Copies of the inspection sheets must be turned into the Tow Coordinator of the Escondido Police Department within five days of the inspection.

a. Tow trucks not passing inspections or meeting the requirements of this section will immediately be removed from the rotation. Tow trucks will return to rotation once they have passed a re-inspection by the original inspecting agency.

b. TOW COMPANY must own and operate a minimum of **five** trucks including:

- 1) Two (2) Class A Wheel lifts rated at 14,500 Gross Vehicle Weight (GVW) with twin cable hydraulic boom rated at one (1) ton or greater;
- 2) Two (2) Rollback rated at 19,501 GVW; and,
- 3) One (1) Medium Duty Wheel lift rated at 26,001 GVW with twin cable hydraulic boom rated at one (1) ton or greater. The truck shall be equipped with air brakes and a tractor protection valve or device, and be capable of providing and maintaining continuous air to the towed vehicle.
- 4) Tow trucks demonstrating a functional equivalency to any or all of the requirements listed above may be substituted upon receipt of written approval by CITY.

c. Each truck shall have a maximum 8,000 pound capacity winch that is power driven by power takeoff from transmission, in both directions, and equipped with safety dogs or an adequate braking system. Winches must be fitted with a minimum of 100 feet of cable for recovery tasks. Roll back car carriers must be fitted with a minimum of 50 feet of cable.

d. Each truck shall be equipped with lighting systems as required by California Vehicle Code (CVC) Sections 24605, 24606 and 25253. Additionally, trucks shall be equipped with utility lamp lighting systems that comply with CVC Section 25110.

e. TOW COMPANY shall maintain three (3) sets of dollies for use by tow trucks providing services to CITY. CITY requires that each tow truck carry its own set of dollies.

f. Additional Equipment. Tow trucks must be equipped with the miscellaneous equipment required by CVC Section 27700 and have on file a current "Tow Truck Inspection Guide" or display a certificate of compliance issued by the California Highway Patrol. Trucks must also be equipped with red flares, lanterns or reflectors, hand tools (screw drivers, pliers, ratchet and sockets, crescent wrenches and metric and standard lug wrenches), bolt cutters, six foot crowbar, rope, broom, shovel, dustpan, fire extinguisher (dry chemical type), utility flood lamps, portable red taillights and stoplight for towed vehicles, equipment for opening locked vehicles, safety snubber

chains and a trash can with absorbent material (i.e. Socks, pads, organic material) and a miscellaneous accident debris box. (See Attachment 2, Tow Truck Inspection Guide CHP 234B)

g. **Safety Chains:** Safety chains shall be rated at no less than the rating specified by the original equipment manufacturer (OEM). Two safety chains shall be used for each vehicle being towed. The safety chains will be securely affixed to the bed frame or wrecker boom, independent of the towing sling, bar, hitch, wheel lift, or under-lift towing equipment. The towed vehicle shall be secured to the towing equipment independent of the safety chains by either two chains or two straps. Vehicles being transported on slide back carriers shall be secured by four tie down chains or straps independent of the winch or loading cable. All safety connections and attachments shall have a positive means, of sufficient strength, to ensure that the safety connection or attachment cannot become disengaged while in transit.

h. **Identification:** Each truck responding to requests for police-initiated towing and impound services shall, on both sides of the vehicle, conspicuously bear the company name, local address and local phone number(s) in lettering that complies with CVC Section 27907.

i. **Radio Communications:** Each truck responding to requests for police-initiated towing and impound services shall be equipped with radio communications equipment capable of effecting two-way radio communications between the truck and the Tow Company's dispatching operation. Citizens Band radios shall not be used to meet this requirement.

j. **Inspection Guide:** TOW COMPANY must provide a completed CHP 234b Tow Truck Inspection Guide complete by the California Highway Patrol or authorized CITY official for each tow truck.

k. Each tow truck responding to a request for police initiated towing and impound services shall be well maintained and clean on the exterior and interior and should reflect a professional image.

8. Vehicle Storage & Office Hours. Each tow operator must have and maintain for his or her exclusive use a storage yard and business office facility. The business office and storage facility must be located in the same location, be a reasonable distance from public transportation, and be within CITY limits. All business records of the operator relating to the awarded contract shall be maintained at the business office location and should include the length of time the storage yard and business office has been operational at that location.

a. TOW COMPANY'S place of business shall have a sign which clearly identifies it to the public as a tow service. Business hours shall be posted in plain view to the public. Place of business shall be sufficiently staffed to allow customers to talk face-to-face with a TOW COMPANY'S owner, manager or employee during normal business hours.

b. Normal business hours" shall not be less than 8 a.m. to 5 p.m., Monday through Friday, except for the following state recognized holidays: New Year's Day, Martin Luther King Day, Labor Day, Memorial Day, 4th of July, Veteran's Day, Thanksgiving Day, the day after Thanksgiving Day and Christmas Day.

c. Offices staffed with only one employee may be closed for one hour at lunch. A sign shall be posted which reflects a lunch closure and a phone number where a request by a vehicle's owner/agent shall result in an immediate response to release property or a vehicle.

d. Storage facilities must comply with the following:

1. Minimum Storage Space: The storage yard must be a minimum of twenty thousand (20,000) square feet to accommodate one hundred twenty (120) vehicles. This space is exclusive of other storage areas the tow company utilizes for storage of vehicles that are not Escondido Police-initiated impounds.
 - a. Each company must have secured inside storage capable of storing four full sized vehicles or pickup trucks, two of which must be independently secured (i.e. Sea-Containers or similar facility) capable of being locked and that are not accessible to employees of TOW COMPANY and the public.
 - b. The storage yard must be completely enclosed with a six (6) foot high security fence with poles that are no further apart than eight (8) feet wide and embedded in concrete. Construction of the fence and gates must be of sufficient construction to prevent entry into the storage area of unauthorized persons or vehicles.
 - c. Vehicles and their contents must be kept safe from pilfering in the storage lot and must be screened from view from street level. All vehicles towed or stored pursuant to this Agreement must be kept within the confines of the storage lot.
2. The storage yard should be comprised of a surface that remains free from mud, pools of water, debris or other elements that would be harmful to stored vehicles or persons viewing the vehicles. Examples of an acceptable surface would be concrete, asphaltic concrete, or a similarly durable surface.
3. Examination/Hazardous Waste Areas: Within the storage lot there must be two designated areas that are paved and sealed

adequately to prevent runoff and/or percolation of liquid waste, on which to inspect and store vehicles leaking fluids.

- a. The first area will be at least four hundred (400) square feet and sufficient to place two vehicles perpendicular to each other for inspection and/or overhead photography. This area must be flat.
 - b. The second area shall be at least six hundred (600) square feet and sufficient to hold six (6) vehicles at any one time. The second area shall not be used for general vehicle storage, but left open for immediate use for vehicles leaking fluids.
 - c. The business shall have on file a written policy and method of hazardous waste recovery and disposition approved by the Escondido Fire Department.
 - d. The tow yard shall have available a forklift capable of lifting and positioning vehicles onto the inspection pad, and/or in the Sea-Containers.
4. There must be adequate lighting, and all yard and office construction must comply with applicable laws including, but not limited to, building codes, fire codes and zoning regulations. The following minimum lighting standards per 10,000 square feet apply unless local zoning or other regulations dictate increased or diminished lighting requirements:
- a. Four (4) 300 Watt incandescent medium-wide flood lights; or
 - b. Three (3) 300 Watt quartz halogen lights; or
 - b. Two (2) 100-Watt high-pressure sodium lights.
 - c. Additional storage space must be lighted at the above ratio. Storage yards with less than 10,000 square feet must meet the above minimums. TOW COMPANY must meet all municipal code requirements for lighting.
5. The storage yard shall have commercial grade 24 hour video surveillance coverage of all storage areas and access points, shall retain 60 days of video and shall have a commercial alarm system.

9. Stored Vehicles.

a. During regular business hours, TOW COMPANY shall, except as restrained in paragraph 9.b. below, make vehicles stored at the request of CITY available to the vehicle's registered owner or a person who can be verified to be the registered owner's agent, for the purpose of removing property from the vehicle. TOW COMPANY must also allow insurance agents, insurance adjusters, or representatives of an automotive repair business access for the purpose of estimating or appraising damages. An employee of TOW COMPANY shall escort and be on scene during the removal of property or during an insurance inspection.

b. Vehicles impounded by CITY for investigative purposes shall be held separately in a secured non-public area on TOW COMPANY's property until the vehicle is released by order of CITY. Any property or other contents of such vehicles shall not be removed by any person other than a Peace Officer or Evidence Technician employed by CITY. Property removed from such vehicles shall be recorded as removed on the content inventory and the content inventory dated and signed by a representative of TOW COMPANY and the Peace Officer or Evidence Technician removing such property.

10. Response Times. TOW COMPANY shall respond to calls 24 hours per day, seven days per week. The responding tow truck must arrive with the appropriate equipment at the requested location within the City of Escondido within 30 minutes and daily response time shall average twenty (20) minutes or less. CITY shall identify the appropriate equipment during the initial call for service. Response time is computed from the time the police dispatcher notifies TOW COMPANY until the tow truck arrives on scene. TOW COMPANY may inform the police dispatcher within five minutes of the initial call for service if, for any reason, it cannot respond within the required 30 minute limit. If notified within five minutes of the originating request for service, dispatcher will contact the next TOW COMPANY on the rotation. Unless TOW COMPANY contacts the police dispatcher within five minutes to waive the call for service, a failure to respond to a towing call within 30 minutes or to exceeding the 20 minute average response time for any day, shall be grounds for disciplinary action.

11. On-Scene Duties. Upon arriving on-scene to remove any of the vehicles, TOW COMPANY's employees shall report to the Peace Officer in charge and discharge their duties in accordance with the following conditions:

a. TOW COMPANY employees shall make every reasonable effort to comply with direction provided by the officer-in-charge.

b. TOW COMPANY shall be responsible for verifying the peace officer's damage assessment for each vehicle towed as a police impound, and shall sign the CHP 180 form.

c. TOW COMPANY shall be responsible for making an accurate content inventory for each vehicle towed and shall record said vehicle inventory on the CHP 180 form that will be signed by the TOW COMPANY's employee.

d. TOW COMPANY shall be responsible for removing and appropriately disposing of collision-related debris from the public right-of-way at the time of the tow to ensure public safety. Additionally, if manual street sweeping is needed, TOW COMPANY is to provide this service.

e. TOW COMPANY may make any emergency alterations reasonably required to safely move and/or tow vehicles.

f. Drivers shall carry and provide Customer Satisfaction/Complaint Forms to customers upon request.

g. TOW COMPANY and tow truck operators shall not photograph or otherwise electronically record any accident or crime scene without the express permission of the CITY.

h. After removing a vehicle from the public right-of-way or private property, driver shall securely transport that vehicle. For purposes of this Agreement, "securely transport" is defined as making sure that the vehicle's front wheels are secured on a wheel lift correctly and/or all four (4) tires are chained/secured on a car carrier.

12. Collateral Services.

a. TOW COMPANY shall, at the request of CITY, move, tow away and impound motor vehicles which are, under the authority of the California Vehicle Code or Escondido Municipal Code, declared by CITY to be: illegally parked, abandoned, involved in a traffic collision and constitute an obstruction of traffic, involve operator negligence, we impounded pursuant to a lawful arrest and/or have some other evidentiary value

b. The driver of the tow truck engaged to remove a disabled vehicle from the scene of an accident shall remove all liquid, glass and debris deposited upon the roadway as a result of the incident involving the disabled vehicle that is to be towed.

c. CITY may occasionally require the removal of inoperable CITY vehicles within CITY limits and tow such vehicles to the appropriate CITY facility. Such services will be provided by TOW COMPANY at no charge for vehicles similar to a one-ton pickup and smaller. TOW COMPANY shall charge CITY a fixed rate for larger vehicles, as determined by the Escondido City Council.

d. TOW COMPANY, at CITY's request, shall remove and impound up to 10 vehicles per week from private property or from the public right-of-way, which are declared abandoned by CITY. Such services will be provided at no cost to CITY. CITY

will make reasonable attempts to remove abandoned vehicles during the hours of 6:00 a.m. – 10:00 p.m.

13. Reporting Requirements.

a. TOW COMPANY shall keep and maintain records of each vehicle towed at the request of the Escondido Police Department for the duration of the contract period. These records shall be recorded on the Monthly Rotation Report and shall include the following information in an EXCEL spreadsheet format (see Attachment 3):

b. CITY shall have the right to inspect and audit, without prior notification, TOW COMPANY records at reasonable times during normal working hours to determine compliance with these record-keeping requirements.

c. TOW COMPANY shall submit the Monthly Rotational Cycle Reports to the Escondido Police Department Tow Coordinator no later than the fifteenth day of each month. Reports shall cover services rendered during the proceeding month and can be submitted via e-mail. Vehicles being held over from the previous month must be included on the rotation report as part of the inventory until such time as the vehicle is subject to a lien, released or junked.

d. TOW COMPANY shall submit a Tow Company Quarterly Financial Report to the Escondido Police Department Tow Coordinator on October 1st, January 1st, April 1st and July 1st of each quarter through the term of the Agreement. The report submitted on July 15th each year shall also include an annual summary of all items reported for the previous fiscal year. Quarterly reports shall include the following and shall be in a computer-generated format acceptable to CITY (see Attachment 4):

14. Audit and Inspection of Records. TOW COMPANY shall, during normal business hours, make all records, equipment and storage facilities available for periodic, unscheduled inspection by CITY. Records shall include TOW COMPANY's financial statements.

15. Negligent Vehicle Impound Program (NVIP) Fees. The Escondido Police Department will be responsible for collection of NVIP fees.

16. Insurance. In addition to the insurance requirements addressed separately in this TSA, TOW COMPANY shall maintain minimum insurance at the following levels:

a. Uninsured Motorist – Legal minimum, combined single limit.

b. On-hook Coverage / Cargo – Insuring the vehicle in tow with limits based on the size of the tow truck.

1. Class A tow truck - \$50,000,
2. Class B tow truck - \$ 100,000,

3. Class C tow truck - \$ 200,000,
4. Class D tow truck - \$ 250,000.

c. Garage Liability – Includes premises and operations. Coverage for bodily injury and property damage with a combined single limit of not less than \$500,000.

d. Garage Keeper's Liability – Shall be the same as on-hook coverage for vehicles in the care, custody and control of the TOW COMPANY in the storage yard.

17. Impounded Vehicles.

a. TOW COMPANY shall provide vehicle release services on a twenty-four-hours-a-day, seven-days-per-week basis. Any vehicle release effected outside the hours of 8:00 a.m. to 5:00 p.m. Monday through Friday (including legal holidays), is subject to the after-hours release fee contained in the CITY Council approved Fee Schedule.

b. TOW COMPANY shall not release any vehicle impounded as the result of a Police-initiated tow unless the claimant presents a valid, CITY-issued Vehicle Release Form, current registration, proof of insurance and an Impound Vehicle Payment Receipt. The Escondido Police Department will determine which impounded vehicles require such releases. TOW COMPANY is responsible and liable for the release of any vehicle without a Vehicle Release Form. All vehicle lien sales must fully comply with California Civil Code Section 3072, and this agreement. In addition to any other provision of state or local law, TOW COMPANY agrees to comply with the following the lien sale of any vehicle:

1. Remove and destroy the vehicles' license plates by cutting them in two pieces.
2. Within five (5) days of the sale, submit a completed "Notice of Release of Liability" form to the Department of Motor Vehicles.
3. Within ten (10) days of the sale, submit the two pieces of the destroyed plates to the Police Department's Tow Coordinator along with the copy of the "Notice of Release of Liability" form for each destroyed plate.

c. If TOW COMPANY fails to perform any provision of paragraph 17.b. above, TOW COMPANY shall be liable to CITY in the amount of \$500 per violation. After three such violations, the Tow Companies shall receive a notice of termination of this TSA.

d. **Repair and Alteration of Impounded Vehicles.** TOW COMPANY shall not make any repairs or alterations of vehicles in their possession without the express written authorization of the vehicle's registered owner, the registered owner's insurance carrier or a verifiable agent of the owner or insurance carrier unless necessary to tow the vehicle.

e. **Damage to Vehicle While in TOW COMPANY's Possession.** CITY will provide a California Highway Patrol 180 Impound and Storage forms to the tow truck driver for police tows and impounds. TOW COMPANY shall be responsible for any damage occurring to the vehicle while in its sole possession and, therefore, damage not recorded on the CHP 180 damage assessment will be considered TOW COMPANY's responsibility. TOW COMPANY shall indemnify CITY for any and claims or lawsuits pertaining to damage which occurs to the vehicle after TOW COMPANY has arrived at the scene, or which occurs during Referral tows or On-demand tows.

f. **Loss of Property While in Tow Company's Possession.** TOW COMPANY shall be responsible for all property belonging to that vehicle as identified by the content inventory and the CHP 180 form. Loss of property which occurs after TOW COMPANY has arrived at the scene, or which occurs during Referral tows or On-demand tows will be the sole and undisputed responsibility of TOW COMPANY.

18. Complaint Procedure.

a. All Customer Satisfaction/Complaint Forms as well as any other verbal or written complaints received by TOW COMPANY or initiated by CITY will be forwarded to the Escondido Police Department Traffic Bureau, Attn. Traffic Sergeant, and shall be investigated in a fair and impartial manner.

b. The Traffic Sergeant or his/her designee will review, investigate, and adjudicate all complaints regarding police-initiated towing and impound service related disputes and customer complaints regarding the quality of service being provided by TOW COMPANY as measured by compliance with the terms and conditions of this agreement, when appropriate.

1. The TOW COMPANY and their employees shall cooperate with the Escondido Police Department investigators during the course of an investigation. Should the filing of criminal charges be a possibility, the Escondido Police Department shall conduct the investigation to conclusion or assist the lead investigating agency and request prosecution if warranted.
2. At the conclusion of the investigation of the complaint, applicable parties will be notified in writing of the outcome and any disciplinary action to be taken, notwithstanding any limitations on the release of such information pursuant to California Penal Code sections §§ 832.5, 832.7, and 832.8, *et seq.* and California Evidence Code §§ 1043 through 1047.

19 Disciplinary Action. The EPD Chief of Police shall take disciplinary action against a TOW COMPANY for violations of this TSA. TOW COMPANY agrees that failure by the any member of their respective organization, or their agent, to comply with the terms and conditions of this TSA shall be cause for disciplinary action. Violations of this TSA will be investigated and a disposition determined by the Chief of Police or his/her designee.

a. The following will be used as a guide for action against an operator for minor violations investigated and verified as true:

1. 1st Violation - Written Reprimand,
2. 2nd Violation Within 12 Consecutive Months – 1 to 30 day rotation suspension,
3. 3rd Violation Within 12 Consecutive Months – 1 to 60 day rotation suspension,
4. 4th Violation Within 12 Consecutive Months – 1 to 90 day rotation suspension or termination for cause.

b. CITY's Chief of Police may suspend any operator or TOW COMPANY if in his or her judgment the operator or TOW COMPANY's conduct poses a danger to public safety, or there is evidence of criminal conduct, or if such conduct constitutes a gross violation of the terms and conditions of this Agreement. The suspension would remain in effect until the investigation is completed and a final disposition is reached. Dispositions may include termination of Agreement.

c. Any conviction of the owner/operator or employee of the TOW COMPANY involving a stolen or embezzled vehicle, fraud related to the towing business, stolen or embezzled property, a crime of violence, a drug-related offense, felony driving while under the influence of alcohol or drugs, misdemeanor driving while under the influence of alcohol or drugs, or moral turpitude shall be cause for suspension or removal of an operator/employee, or denial of an operator/employee's application or termination of the contract.

d. A TOW COMPANY shall satisfy a court order mandating reimbursement to the vehicle or property owner for the damage or loss which occurred while the vehicle was in the TOW COMPANY'S possession.

20. Appeals. All actions involving this Agreement may be appealed to CITY's Chief of Police within ten (10) business days of written notification of disciplinary action. If requested, CITY shall schedule a hearing as soon as practical. When an appeal is filed, City shall make a determination whether to stay any disciplinary action based on the issues, facts and severity of the underlying violation. The hearing shall be conducted

by the EPD Chief of Police or his designee and the TOW COMPANY shall be entitled to present testimony and all relevant facts. Except for rules of privilege or other constitutional rights, the California rules of evidence may be used when considering introduction of any evidence. The decision of CITY's Chief of Police may be appealed to the CITY's City Manager within ten (10) business days after written notification of the decision of CITY's Chief of Police. The City Manager or his designee may schedule a second hearing or may review the administrative record before reaching a decision. The decision of CITY's City Manager is final, and there is no further administrative remedy available. Failure to file a written appeal within ten days of notification, shall constitute a waiver of all appeal rights and the decision is final.

21. Amendments to Scope of Work. CITY may independently, or upon request from TOW COMPANY increase or reduce the scope of work to be performed pursuant to this Agreement. Upon doing so, CITY and TOW COMPANY agree to meet in good faith and confer for the purpose of resolving issues of concern to either party that may arise from such an increase or reduction in scope of work.

22. Standard of Care. TOW COMPANY, in performing services under an agreement resulting from this Request for Proposal, shall perform in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions and in similar locations.

23. Performance Bond. TOW COMPANY must post a performance bond, with a company approved by CITY, in the amount of \$25,000, renewable each year, to assure TOW COMPANY's faithful performance of the terms and conditions of this Agreement and any subsequent agreement to provide services for CITY. This may take the form of a bond executed by a surety company authorized to do business in the state of California, an endorsed Certificate of Deposit, or a money order or certified check drawn on a solvent bank subject to the satisfaction of CITY's City Attorney.

24. Termination of Agreement for Cause. If, through any cause, TOW COMPANY shall fail to fulfill in a timely and proper manner TOW COMPANY's obligations under this Agreement, or if TOW COMPANY violates any of the covenants, agreements or stipulations of this Agreement, CITY shall have the right to terminate Agreement by giving written notice to TOW COMPANY of such termination and specifying the effective date thereof at least five (5) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, reports and other materials prepared by TOW COMPANY shall, at the option of CITY, become the property of CITY, and TOW COMPANY shall be entitled to receive just and equitable compensation for any work satisfactorily completed up to the effective date of Notice of Termination, not to exceed the amounts payable hereunder, and less any damages caused CITY by TOW COMPANY's breach.

25. Termination of Agreement for Convenience of CITY. CITY may terminate the Agreement without cause by providing at least thirty (30) days advance written notice prior to termination. If the Agreement is terminated by CITY as provided in this

paragraph, TOW COMPANY shall be entitled to receive just and equitable compensation for any satisfactory work completed up to the effective date of such termination, but shall not be entitled to receive compensation for damages, lost profits, or other expectation interests.

26. Termination of Agreement by TOW COMPANY. TOW COMPANY may terminate this Agreement without cause by providing at least sixty (60) days advance written notice to CITY and TOW COMPANY shall forfeit the entirety of any license or franchise fee paid prior to the termination. TOW COMPANY agrees that CITY reserves the right to add a new company to the Police Tow Rotation if any tow company terminates pursuant to the provisions of this paragraph.

27. Tow Company Errors and Omissions. In the event that CITY determines that the TOW COMPANY's negligence, errors, or omissions in the performance of work under this Agreement has resulted in expense to CITY greater than would have resulted if there were no such negligence, errors, omissions, TOW COMPANY shall reimburse CITY for additional expenses incurred by the CITY. Nothing herein is intended to limit CITY's rights under other provisions of this agreement.

28. Ownership, Publication, Reproduction and Use of Material. All reports, studies, information, data, statistics, forms, designs, plans, procedures, systems and any other materials or properties produced under an agreement to provide services for CITY shall be the sole and exclusive property of CITY. No such materials or properties produced in whole or in part under such an agreement shall be subject to private use, copyrights or patent rights by TOW COMPANY in the United States or in any other country without the express written consent of CITY. CITY shall have unrestricted authority to publish, disclose (except as may be limited by the provisions of the Public Records Act), distribute, and otherwise use, copyright or patent, in whole or in part, any such reports, studies, data, statistics, forms or other materials or properties produced under such an agreement.

29. Tow Company Not Authorized to Represent CITY. Unless specifically authorized in writing by CITY, TOW COMPANY shall have no authority to act as CITY's agent to bind CITY to any contractual agreements whatsoever.

30. Promise Not to Acquire Conflicting Interests. Regardless of whether TOW COMPANY is designated as an FPPC Filer under the California Government Code, TOW COMPANY further warrants and represents that TOW COMPANY will not acquire, obtain, or assume an economic interest during the term of this Agreement which would constitute a conflict of interest as prohibited by the Political Reform Act.

31. Duty to Advise of Conflicting Interests. Regardless of whether TOW COMPANY is designated as an FPPC Filer under the California Government Code, TOW COMPANY further warrants and represents that the TOW COMPANY will immediately advise CITY if TOW COMPANY learns of an economic interest of TOW COMPANY which may result in a conflict of interest for the purpose of the Political

Reform Act, and regulations promulgated there under. If necessary, CITY will provide a referral to independent legal counsel who can assist the Tow Company with determinations regarding possible conflicts of interest.

32. Specific Warranties Against Economic Interests. TOW COMPANY warrants and represents that neither TOW COMPANY, nor TOW COMPANY's immediate family members, nor TOW COMPANY's employees or agents presently have any interest, directly or indirectly, whatsoever in any property which may be the subject matter of CITY-initiated towing and impound services.

33. CITY Department Errors and Omissions. When any vehicle has been ordered towed by CITY and it is established that the tow was in error through a mistake of fact, TOW COMPANY shall release the vehicle to its registered owner or another legitimate claimant at no cost. If an error by CITY results in a vehicle being stored longer than it can reasonably be determined that it should have been, TOW COMPANY shall release the vehicle to the claimant, and bill the claimant only those storage charges that would have accrued if no error had occurred. In the case of erroneous towing, TOW COMPANY shall charge CITY 50% of the Basic Tow rate. In the case of erroneous extended storage, TOW COMPANY shall charge CITY \$2.00 per day for storage charges beyond the claimant's responsibility. However, if CITY can reasonably establish that the circumstances resulting in the error were beyond the control of CITY, neither CITY nor the claimant shall be liable for such charges.

**ATTACHMENT 1
FY 2011-2012
TOW FEE SCHEDULE**

Basic Tow *	\$175.00
Medium Duty **	\$175.00
Heavy Duty	\$200.00
Labor Rate per Hour – Basic ***	\$115.00
Labor Rate per Hour – Medium	\$145.00
Labor Rate per Hour – Heavy	\$175.00
After Hour Gate Fee	\$ 50.00
Outside Storage – Daily	\$ 35.00
Inside Storage – Daily	\$ 35.00
Police Tows to Junk	\$ 38.00
City Vehicles within County****	\$ 35.00
Negligent Vehicle Impound Fee	\$180.00

*Basic Tow Fee is for first hour of service

**Medium Duty Fee for vehicles one ton and over

***Labor per hour is for the hours following the basic tow

****City Fee for vehicles over 1-ton in city limits and any tow outside city limits

STATE OF CALIFORNIA
DEPARTMENT OF CALIFORNIA HIGHWAY PATROL
TOW TRUCK INSPECTION GUIDE
CHP 234B (Rev. 7-09) OPI 062

AREA NUMBER	COMPANY			CA NUMBER	DOT NUMBER	LEGEND P = Pass F = Fail
YEAR	MAKE	MODEL	LICENSE NUMBER	VIN		
GVWR	EQUIPMENT TYPE (CHECK APPROPRIATE BOX) <input type="checkbox"/> CONVENTIONAL <input type="checkbox"/> UNDERLIFT <input type="checkbox"/> TRUCK HITCH <input type="checkbox"/> WHEEL LIFT <input type="checkbox"/> CAR CARRIER					

**REQUIREMENTS FOR ALL CLASSES
CALIFORNIA VEHICLE CODE REQUIREMENTS**

P	F	VC	P	F	VC
		Current Registration 4000 VC			Parking Brake 26451 VC
		Headlights 24400 VC			Windshield 26700 VC
		Beam Indicator 24408 VC			Windshield Wipers 26706 VC
		Tail Lamps 24600 VC			Mirrors 26709 VC
		License Plate Lamp 24601 VC			Horn 27000 VC
		Stop Lamps 24603 VC			Exhaust System 27150 VC
		Rear Lamps W/Cord 24605 VC			Fuel Cap 27155 VC
		Backup Lamps (1969+) 24606 VC			Tire Tread 27465 VC
		Reflectors, Rear 24607 VC			Fenders/Mud Guards 27600 VC
		Reflectors, Front and Side (1968+) 24608 VC			Broom 27700 VC
		Turn Signals 24951 VC			Shovel 27700 VC
		Clearance Lamps (>80" Wide) 25100 VC			Fire Extinguisher 4B, C Rating 27700 VC
		Amber Warning Lights 25253 VC			Safety Chains 29004 VC
		Warning Devices (Reflectors) 25300 VC			Signs 27907 VC
		Service Brakes 26311 VC			

SERVICE AND OTHER EQUIPMENT

Flashlight	Hydraulic Jack
Wrecking Bar (Large Pry Bar)	Metric and Standard Lug Wrenches
Six (6) 30-Minute Flares & 6 Reflectorized Cones, Min. 12" Ht.	Rubber Mallet / Hub Cap Tool
Trash Cans W/Absorbent	Lockout Tools (Classes A and B)
Shop Rags/Paper Towels	Motorcycle Straps (Class A)
Shop to Truck Communications (Cell phones / 2-way radio)	Sledge Hammer
Fuel in Approved Containers (Classes A and B)	Tool Kit
Booster Battery or Hot Box	ANSI Class III Safety Attire

TOWING EQUIPMENT

Rating Plates	Wrecker Controls
Controls Labeled	Throttle Control
Wrecker Boom Assembly	Hydraulic Rams, Hoses, Valves
Wheel Lift Assembly	Cable Sheaves
Body and Towing Equipment Mounting Bolts	Recovery Chain
Winch: _____ Type: _____	

WHEEL LIFT

Pivot Pin	Cradle/Straps
Wheel Tie Down Straps	Grid/Fork
"L" Arms	Claw

CONVENTIONAL

Tow Sling Assembly (Check for bent inner tubes)	Sling Pads
---	------------

CAR CARRIER

Carrier Sub Frame	Bed Safety Lock
Bed Pivot Pin	Slide Pads

VEHICLE SPECIFIC

Steering	Suspension
Frame	Wheels

COMMENTS

INSPECTED BY (NAME & I.D. NUMBER)	DATE	TOW OPERATOR'S SIGNATURE
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TOW TRUCK EQUIPMENT SPECIFICATIONS (BY CLASS)

CLASS A LIGHT DUTY WHEEL LIFT

P	F	P	F
	Minimum 14,000 Pound GVWR Chassis		Tow Sling "Minimum" 3,000 Pounds (if equipped)
	4-Ton Recovery Equipment Rating		Tow Chains "Minimum" 5/16" Grade 70 with J/T Hooks
	One 4-Ton Snatch Block		Safety Chains 5/16" Alloy or OEM Specifications
	Tow Dolly		Wheel Lift Rating - Extended 3,000 Pounds
	Steering Wheel Securement Device		Adequate Crossbeams, 4"x4"x60"
	Wheel Lift Safety Straps		100' 3/8" 6 x 19 Wire Rope or OEM Specifications

CLASS A CAR CARRIER ONE VEHICLE

	Minimum 14,000 Pound GVWR Chassis		4 Safety Chains 5/16" Grade 70=Rated Nylon Straps w/Ratchets
	50' 3/8" 6 x 19 Wire Rope or OEM Specifications		Adequate Crossbeams or Adequate Ramping Material
	Loading Bridle with J/T Hook		

CLASS A CAR CARRIER TWO VEHICLE / CARRY ONLY / CARRY ONLY

	Minimum 19,501 Pound GVWR Chassis		4 Safety Chains 5/16" Grade 70=Rated Nylon Straps w/Ratchets
	Loading Bridle with J/T Hooks		2 Safety Chains=Rated Straps w/Ratchets for Towed Vehicle
	50' 3/8" 6 x 19 Wire Rope or OEM Specifications		Adequate Crossbeams or Adequate Ramping Material

CLASS B

	Minimum 26,001 Pound GVWR Chassis		Truck Hitch with 7,000 Pound Rating (if equipped)
	16-Ton Recovery Equipment Rating		Adequate Crossbeams = 4"x6"x48"
	150' 7/16" 6 x 19 Wire Rope or OEM Specifications		Tow Chains "Minimum" 1/2" Grade 70 with JT Hooks
	Safety Chains 1/2" Alloy or OEM Specifications		Wheel Lift Rating - 10,000 Pounds / 8,000 Pounds Extended
	Two 8-Ton Snatch Blocks		Wheel Lift Safety Straps w/Tie-Down Straps or Chains
	Air Brakes or Hydraulic W/Air Hookup Package		Lift/Fork Adapters w/Tie-Down Straps or Chains
	Air Hoses and Fittings		Safety Tie-Down Chains and Binders
	Steering Wheel Securement Device		Aluminum Tow Angles (Minimum 2)
	Axle Covers/Caps		Tow Bar 7,000 Pound Rating

CLASS B CAR CARRIER ONE VEHICLE

	Minimum 33,000 Pound GVWR Chassis		4 Safety Chains 5/16" Grade 70=Rated Nylon Straps w/Ratchets
	50' 3/8" 6 x 19 Wire Rope or OEM Specifications		2 Safety Chains = Rated Straps w/Ratchets for Towed Vehicle
	Loading Bridle with J/T Hooks		Adequate Cross Beams or Adequate Ramping Material
	Steering Wheel Securement Device		

CLASS C

	Minimum 48,000 Pound GVWR Chassis		Tow Chains 5/8" Grade 70 or OEM Specifications
	25-Ton Recovery Equipment Rating		4"x6"x48" Adequate Crossbeams (48" Minimum / (2) 4"x6"x48")
	200' 5/8" 6x19 Wire Rope or OEM Specifications		Pintle Hook
	Safety Chains 5/8" Alloy or OEM Specifications		Under Lift Rating - 25,000 Pounds / 12,000 Pounds Extended
	Two 12-Ton Snatch Blocks		Under Lift Securement Safety Chains or Straps
	Air Brakes W/Air Hookup Package		Wheel Lift Safety Straps
	Air Hoses and Fittings		Lift/Fork Adapters
	Steering Wheel Securement Device		Aluminum Tow Angles (Minimum 2)
	Axle Covers/Caps		Safety Tie-Down Chains and Binders
	Tow Sling 12,000 Pound Rating (if equipped)		Tow Bar 12,000 Pound Rating

CLASS D

	Minimum 52,000 Pound GVWR Chassis		Tow Chains 5/8" Grade 70 or OEM Specifications
	35-Ton Recovery Equipment Rating		4"x6"x48" Adequate Crossbeams (48" Minimum / (2) 4"x6"x48")
	250' 3/4" 6x19 Wire Rope or OEM Specifications		Pintle Hook
	Safety Chains 5/8" Alloy or OEM Specifications		Under Lift Rating - 32,000 Pounds / 16,000 Pounds Extended
	Two 12-Ton Snatch Blocks		Tow Bar 20,000 Pound Rating
	Air Brakes W/Air Hookup Package		Lift/Fork Adapters
	Air Hoses and Fittings		Aluminum Tow Angles (Minimum 2)
	Steering Wheel Securement Device		Safety Tie-Down Chains and Binders
	Axle Cover/Caps		Tow Sling with 20,000 Pound Rating (if equipped)
	Under Lift Securement Safety Chains or Straps		

MAXIMUM LIFTING CAPACITY (MLC) CALCULATIONS (Refer to HPW #12 Annex EB)

FRONT AXLE WEIGHT (FAW), UNLADEN	WHEEL BASE (WB), IN INCHES	OVER HANG (OH), IN INCHES		
FORMULA				
1/2 FAW:	x WB:	+ BY OH:	=	MLC:
CLASS OF VEHICLE BASED ON THE MLC				

Date _____

Resolution No. 2011-86

ESCONDIDO POLICE DEPARTMENT EXHIBIT
INSPECTION REPORT

A
Page 26 of 28

Tow Company Name: _____

Address: _____ Phone: _____

Year/Make/Model	Chassis size	License number	VIN	
Vehicle				
Company Name/Phone Number/Address on vehicle			Yes	No
Rate Schedule available in vehicle and posted in office				
Communication type in vehicle				
Twin Boom 8000 lb. Cap./Single boom 8000 lb. Cap.				
Type/Cap. Of winch				
Cable Length (Min. 50 ft. Flatbed/Min. 100 ft. Recovery Veh.)				
Condition of Cable (stranded/knotted/crushed/kinked/badly worn)				
Equipment				
Absorbent Material in covered Trash Can (Full)				
Broom (Heavy Duty)				
Bolt Cutters (Min. 3 feet in length)				
Crow Bar/Pry Bar (Min. 6 feet in length)				
Dolly (Boom trucks)				
Emergency Lighting-Work lights/overhead caution				
Entry tools/equipment				
Fire Extinguisher (Dry Chemical with current certification)				
Flares and Reflectors				
Flashlight (4 cell or equivalent)				
Hand Tools (Mechanical) (Reference 3.6.4)				
Headlights/taillights/brake lights/back-up lights				
Infectious Disease Kit for Driver				
Portable Tag Lights				
Rope/Steering Wheel Tie down				
Shop Rags or Paper Towels				
Shovel and Dust Pan				
Snubber Chains				
Trash container (Second Empty)				
Facility				
Building (Condition/Cleanliness/Proper Signage)				
Required Security Lighting				
Hazardous waste recovery area (Min. 600 sq./ft)				
Inspection Pad (Min. 400 sq./ft with no overhead obstructions)				
Screening/Fencing/Security Wire				
Size (Square Feet of usable space)				

Comments: _____

CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 14

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Amy Shipley, Older Adult Services Manager
SUBJECT: Second Amendment to Public Service Agreement with Redwood Senior Homes and Services for Meal Service

RECOMMENDATION:

It is requested that City Council adopt Resolution No. 2011-83 authorizing the Mayor and City Clerk to execute a Second Amendment to Public Service Agreement with Redwood Senior Homes and Services (RSHS) Town Court, to provide meals for the Nutrition Program offered at the Joslyn Senior Center for an additional year (July 1, 2011 through June 30, 2012) in the amount of \$98,425.

FISCAL ANALYSIS:

Funding for senior meals is included in the FY 2011-2012 Senior Nutrition budget in the amount of \$91,220. Additionally, the Senior Nutrition Program has been awarded CDBG funding for FY 11-12 for \$54,000, a portion of which will pay for meals. Furthermore, the City has been awarded a nutrition grant through the County of San Diego Aging and Independence Services for FY 11-12. This grant will reimburse the City for meals, both Monday through Friday meal service and Friday frozen meals, at a rate of \$4.48 per meal with an additional incentive payment of .784 cents per meal, up to 25,500 meals or \$134,232.

Meals will be provided by RSHS Town Court at the cost of \$3.75 per meal for the Monday through Friday meal service, and \$4.35 for the Friday frozen meals.

PREVIOUS ACTION:

The City Council approved the original agreement with Redwood Senior Homes and Services Town Court by adopting Resolution 2009-88 on June 24, 2009.

BACKGROUND:

The City of Escondido has offered the Senior Nutrition Program for over 37 years. In the recent past, the Senior Nutrition Program has seen a steady increase in the numbers of seniors who dine at the Senior Center. In FY 05-06 staff served 20,014 meals; FY 07-08 over 25,645 meals were served, and in FY 08-09 staff served 30,650 meals. However, by the end of FY 09-10 staff saw a slight decrease in the number of meals. By the end of FY 10-11, it is anticipated that over 24,600 meals will be served.

In 2008 with a grant from the Escondido Charitable Foundation, the Senior Nutrition Program expanded meal service to include Friday frozen meals for up to 35 low-income seniors. This program was started when it came to the attention of staff that several low-income seniors, who relied on the

nutrition program Monday through Friday, did not have enough income to feed themselves during the weekends. This program called "Park Avenue Café at Home" is an extension of the on site Senior Nutrition Program, which is known to the senior community as the Park Avenue Café.

Staff attributes the popularity of the Senior Nutrition Program to the strained economy, soaring food and transportation costs, and the reality that most seniors live on limited or fixed incomes. Additionally, the County grant stipulates that seniors age 60+ are asked only for a suggested donation and cannot be turned away due to the lack of ability to donate. This increases access for many of our low-income seniors.

By offering low-income seniors accessibility to good nutrition in a positive environment, the Senior Nutrition Program is increasing the overall health of our community through nutrition and socialization. Therefore, the City is assisting to combat isolation, and is facilitating Escondido seniors to age in place with confidence and vitality.

Respectfully submitted,



Amy Shipley
Older Adult Services Manager



Jerry Van Leeuwen
Director of Community Services

RESOLUTION NO. 2011-83

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK, TO EXECUTE, ON BEHALF OF THE CITY, A SECOND AMENDMENT TO PUBLIC SERVICE AGREEMENT WITH REDWOOD SENIOR HOMES AND SERVICES FOR PROVISION OF MEAL SERVICES

WHEREAS, the City of Escondido ("City") recognizes the need for nutrition services for elderly persons in our community; and

WHEREAS the City entered into an agreement on October 13, 2009, with Redwood Senior Homes and Services Town Court to provide meal service; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve a Second Amendment to Public Service Agreement ("Second Amendment") with RSHS to provide these meals services for elderly; and

WHEREAS, the Community Services Director recommends a Second Amendment to extend its term for one (1) year; effective July 1, 2011, through June 30, 2012, in an amount not to exceed \$98,425;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That the City Council accept the recommendation of the Community Services Director.
3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, a Second Amendment for one (1) year with Redwood Senior Homes and Services for meals services. A copy of the Second Amendment is attached as Exhibit "A" and is incorporated by this reference.



CITY OF ESCONDIDO
SECOND AMENDMENT TO PUBLIC SERVICE AGREEMENT

This "Amendment" is made this the 1st day of July 2011.

Between: CITY OF ESCONDIDO
 a municipal corporation
 201 N. Broadway
 Escondido, California 92025
 ("CITY")

And: REDWOOD SENIOR HOMES AND SERVICES, a division of SOUTHERN
 CALIFORNIA PRESBYTERIAN HOMES, a not-for-profit corporation
 c/o Redwood Town Court
 500 East Valley Parkway
 Escondido, CA 92025
 ("CONTRACTOR")

Witness that whereas:

- A. CITY and CONTRACTOR entered into an agreement on July 1, 2009 ("Agreement"), wherein CITY retained CONTRACTOR to provide lunches for the Joslyn Nutrition Program for an amount not to exceed \$127,300 and

- B. CITY and CONTRACTOR desire to amend the Agreement to include additional work, which is defined in "Attachment A" to this Amendment, which is incorporated by reference;

NOW THEREFORE, it is mutually agreed by and between CITY and CONTRACTOR as follows:

- 1. The CONTRACTOR will furnish the services described in "Attachment A" to this Amendment.

- 2. CITY will compensate the CONTRACTOR in the amount not to exceed \$98,425 pursuant to the conditions and compensation terms contained in "Attachment A" to this Amendment.

3. All other terms of the original Agreement between CITY and CONTRACTOR shall remain in full force and effect; in the event of any conflict between any specific provision of the original Agreement and this Amendment, this Amendment shall prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Marsha Whalen
City Clerk

Date: _____

REDWOOD SENIOR HOMES AND SERVICES,
c/o Redwood Town Court
500 East Valley Parkway
Escondido, CA 92025

Les Curtis
Administrator

ATTACHMENT "A"

REDWOOD SENIOR HOMES AND SERVICES
Service Agreement
Meals for the Senior Nutrition Program
Fiscal Year 2011-2012
(July 1, 2011 to June 30, 2012)

Working with the City of Escondido staff, provide hot nutritionally balanced meals to older adults for the Senior Nutrition Program offered at the Joslyn Senior Center, Monday through Friday. Redwood Senior Homes and Services agrees to provide the following:

1. Meals at a cost of \$3.75 each meal. A maximum of 25,000 meals will be provided at a maximum cost of \$93,750.
2. Frozen meals will be provided at \$4.35 per meal. A maximum of 500 frozen meals will be provided at a maximum cost of \$2,175.
3. Transport the meals from Redwood Town Court to the Joslyn Senior Center, 210 Park Avenue, at a cost of \$10.00 per day. The maximum cost of this service is \$2,500.

The total cost of these services for FY 11-12 shall not exceed \$98,425.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. 2004-_____ File No. _____

Ord No. 2004-_____

Agenda Item No.: 15

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Amy Shipley, Older Adult Services Manager

SUBJECT: Second Amendment to Public Service Agreement with Redwood Senior Homes and Services Elderlink for Senior Transportation

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-84 authorizing the Mayor and City Clerk to execute a First Amendment to Public Service Agreement with Redwood Senior Homes and Services (RSHS) Elderlink, to provide transportation services for the Senior Nutrition Program for an additional year (July 1, 2011 through June 30, 2012) in the amount of \$152,460.

FISCAL ANALYSIS:

Funding for transportation services is included in the FY 2011-2012 Senior Nutrition budget in the amount of \$95,400. Additionally, CDBG has allocated \$28,300 for senior transportation. The balance of \$28,760 will be offset by the Joslyn Trust. This Trust is supported through donations and sponsorships in order to assist with funding for senior programs. In addition, the City has been awarded a nutrition grant, through the County of San Diego Aging and Independence Services, which will commence on July 1, 2011. The County has proposed a contract for FY 11-12 that will reimburse the City at the rate of \$5 per ride up to 15,000 rides, or \$75,000.

PREVIOUS ACTION:

The City Council approved the original agreement with Redwood Senior Homes and Services Elderlink by adopting Resolution 2009-89 on June 24, 2009.

BACKGROUND:

The City of Escondido has provided van service for the Nutrition Program for approximately 20 years. During the past two years, the Senior Nutrition Program has seen a steady increase in the numbers of seniors who utilize the transportation service. In FY 07-08 seniors rode the van over 12,315 times; In FY 08-09 they rode over 13,616 times. By the end of FY 09-10, seniors rode the vans over 14,000 times. By the end of FY 10-11, it is anticipated that over 14,000 rides will have been provided. The increase in rides may be attributed to the strained economy, soaring food and transportation costs, and the fact that most seniors live on limited or fixed incomes.

Transportation PSA
June 22, 2011
Page 2

The transportation service offered through the Senior Nutrition Program provides Escondido seniors a means to access good nutrition, exercise, and other activities in a positive environment. As a result, these seniors are more socially connected and less isolated. Therefore, it can be said that the City is facilitating the opportunity for seniors to age in place with confidence and vitality.

Respectfully submitted,



Amy Shipley
Older Adult Services Manager



Jerry Van Leeuwen
Assistant Director of Community Services

RESOLUTION NO. 2011-84

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE MAYOR AND CITY
CLERK, TO EXECUTE, ON BEHALF OF THE
CITY, A SECOND AMENDMENT TO PUBLIC
SERVICE AGREEMENT WITH REDWOOD
SENIOR HOMES AND SERVICES FOR
PROVISION OF TRANSPORTATION
SERVICES

WHEREAS, the City of Escondido ("City") recognizes the need for transportation services for elderly persons in our community; and

WHEREAS the City entered into an agreement on October 13, 2009, with Redwood Senior Homes and Services Elderlink to provide transportation services; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve a Second Amendment to Public Service Agreement ("Second Amendment") with RSHS to provide these transportation services for elderly; and

WHEREAS, the Community Services Director recommends a Second Amendment to extend its term for one (1) year; effective July 1, 2011, through June 30, 2012, in an amount not to exceed \$152,460;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That the City Council accept the recommendation of the Community Services Director.

3. That the Mayor and City Clerk are authorized to execute, on behalf of the City, a Second Amendment for one (1) year with Redwood Senior Homes and Services for transportation services. A copy of the Second Amendment is attached as Exhibit "A" and is incorporated by this reference.



CITY OF ESCONDIDO
SECOND AMENDMENT TO PUBLIC SERVICE AGREEMENT

This "Amendment" is made this the 1st day of July 2011.

Between: CITY OF ESCONDIDO
 a municipal corporation
 201 N. Broadway
 Escondido, California 92025
 ("CITY")

And: REDWOOD SENIOR HOMES AND SERVICES, a division of SOUTHERN
 CALIFORNIA PRESBYTERIAN HOMES, a not-for-profit corporation
 c/o Redwood Elderlink
 1151 S. REDWOOD STREET
 Escondido, CA 92025
 ("CONTRACTOR")

Witness that whereas:

- A. CITY and CONTRACTOR entered into an agreement on July 1, 2009 ("Agreement"), wherein CITY retained CONTRACTOR to provide transportation for Senior Nutrition Program at the Joslyn Senior Center for an amount not to exceed \$152,460; and

- B. CITY and CONTRACTOR desire to amend the Agreement to include additional work, which is defined in "Attachment A" to this Amendment, which is incorporated by reference;

NOW THEREFORE, it is mutually agreed by and between CITY and CONTRACTOR as follows:

- 1. The CONTRACTOR will furnish the services described in "Attachment A" to this Amendment.

2. CITY will not compensate the CONTRACTOR for any additional amount, pursuant to the conditions and compensation terms contained in "Attachment A" to this Amendment.

3. All other terms of the original Agreement between CITY and CONTRACTOR shall remain in full force and effect; in the event of any conflict between any specific provision of the original Agreement and this Amendment, this Amendment shall prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY OF ESCONDIDO

Date: _____

Sam Abed
Mayor

Date: _____

Marsha Whalen
City Clerk

Date: _____

REDWOOD SENIOR HOMES AND SERVICES,
c/o Redwood Elderlink
1151 S. Redwood Street
Escondido, CA 92025

Kurt Nordan
Administrator

ATTACHMENT "A"

REDWOOD SENIOR HOMES AND SERVICES

Service Agreement

Fiscal Year 2011-2012
(July 1, 2011 to June 30, 2012)

Working with City of Escondido staff to develop schedules to meet the needs of the elderly and disabled citizens of the community, Redwood Senior Homes and Services agrees to provide the following:

1. Transportation services for the Senior Nutrition Program offered at the Joslyn Senior Center, Monday through Friday. The number of daily trips shall be mutually agreed upon by Redwood Senior Homes and Services staff and City of Escondido staff. The cost of this service shall not exceed \$152,460.

The total cost of these services for FY 11-12 shall not exceed \$152,460



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 16
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Amy Shipley, Older Adult Services Manager
SUBJECT: Senior Nutrition Services Contract

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-85 authorizing the Director of Community Services to enter into an agreement with the County of San Diego to provide senior nutrition services at the Joslyn Senior Center.

FISCAL ANALYSIS:

The Senior Nutrition Program is funded through the general fund. However, a pay for performance grant through the County of San Diego Aging and Independence Services will help to offset cost up to \$209,232. The grant agreement also provides for the annual payment from the County to be extended for an additional three (3) years beyond the initial term.

BACKGROUND:

The basis of the Senior Nutrition Program is to offer seniors nutritionally balanced meals in a congregate setting to increase health and stave off isolation. The Joslyn Senior Center has offered this program Monday through Friday for over 37 years. Furthermore, grants through the County of San Diego Aging and Independence Services have helped to offset costs for the Senior Nutrition Program for over 23 years.

In order to accomplish the above, the Senior Nutrition Program is comprised of two components, transportation and meal service. The transportation component provides seniors a means to access the meal service component. The County grant reimburses the City for both components. Therefore, reimbursement is received for transportation based on each one-way ride and for meal service based on each meal served to seniors 60 and older.

In the recent past, the Senior Nutrition Program has seen a steady increase in the numbers of seniors who ride on the vans and who dine at the Senior Center. In FY 08-09, staff witnessed the highest number of riders at 13,785 only to be topped in FY 09-10 at 13,976. In addition, meals served in FY 08-09 were at all time high at 30,716. However, in FY 09-10 the number of meals served decreased slightly. It is anticipated that by the end of FY 10-11 over 14,000 one-way rides will have been given

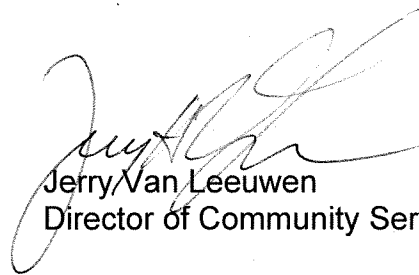
and over 24,600 meals served. In FY 11-12, staff estimates providing once again over 14,000 one-way rides and serving over 25,000 meals.

Staff and the Senior Nutrition Council at the Joslyn Senior Center, are pleased with the Nutrition Program, and recommend approval of the agreement with the County of San Diego Aging and Independence Services in order to continue this valuable service to the senior community of Escondido during FY 11-12.

Respectfully submitted,



Amy Shipley
Older Adult Services Manager



Jerry Van Leeuwen
Director of Community Services

RESOLUTION NO. 2011-85

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE DIRECTOR OF COMMUNITY SERVICES TO RECEIVE A GRANT IN THE AMOUNT OF \$209,232 PER YEAR FOR UP TO FOUR YEARS FROM THE COUNTY OF SAN DIEGO TO PROVIDE SENIOR NUTRITION SERVICES AND EXECUTE COUNTY AGREEMENT NUMBER 533562 WITH CITY OF ESCONDIDO

WHEREAS, the City of Escondido understands the need to provide nutritious meals to the seniors of the community; and

WHEREAS, the City of Escondido desires to provide daily hot lunches to seniors at the Joslyn Senior Center; and

WHEREAS, specifically this program for the seniors in the community will be funded in part from funds made available through a grant provided by the County of San Diego, ("County"); and

WHEREAS at the County's option, they may extend this agreement for three (3) increments of one year each for a total of three (3) years beyond the expiration of the Initial Term.; and

WHEREAS, the Director of Community Services recommends approval of the County Agreement Number 533562 ("Agreement"); and

WHEREAS, this City Council desires at this time, and deems it to be in the best public interest, to approve this Agreement to provide nutritionally balanced lunches effective July 1, 2011, through June 30, 2012; with up to three (3) additional years, not to exceed June 30, 2014.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council accepts the recommendation of the Community Services Director.
3. That the Director of Community Services is authorized to execute, on behalf of the City, an Agreement to provide a Senior Nutrition Program at the Joslyn Senior Center. A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.
4. That the City Council authorizes the Escondido Community Services Director to receive a \$209,232 grant from the County and execute, on its behalf, grant contract documents, including any extensions or amendments thereof.

COUNTY OF SAN DIEGO – DEPARTMENT OF PURCHASING AND CONTRACTING
CONTRACT NO. 533562 AMENDMENT NO. 02

To The City of Escondido. Pursuant to the contract changes clause, you are directed to make the changes described herein to the Contract or do the following described work not included in the previous agreed on Performance Work Statement.

Title of Contract, Project, or Program: Senior Nutrition Program

Effective Date: July 1, 2011

Description of Contract Change(s) and/or Work To Be Done:

- 1) The Signature Page of the Pro Forma Service Agreement is modified as follows:
 - a) Compensation. The compensation for the first option year (Fiscal Year 2011-2012) of the Agreement is decreased by \$15,828 for a revised new total of \$209,232.
 - b) Total contract price is decreased to \$894,153.

PLEASE NOTE: A copy of the revised "Signature Page" is attached for your convenience. Do not remove and replace the original "Signature Page" with the attached sample.

Description of Additional Contract Change(s) and/or Work To Be Done:

- 2) Exhibit A, Performance Work Statement, is modified as follows:
 - a) Paragraph 7.8, Building Better Health Strategy Agenda, is added.
- 3) Exhibit C, Fiscal Terms and Conditions and Pricing Schedule, for Fiscal Year 2011-2012 is modified as follows:
 - a) Congregate Meals: # of Service Units is changed from 28,800 to 25,500; Fixed Supplemental Rate is changed from \$4.23 to \$4.48; Total is changed from \$121,824 to \$114,240.
 - b) Transportation: # of Service Units is changed from 16,500 to 15,000; Total is changed from \$82,500 to \$75,000.
 - c) Incentive Payments* NSIP-C1: # of Service Units is changed from 28,800 to 25,500; Fixed Supplemental Rate is changed from \$0.72 to \$0.784; Total is changed from \$20,736 to \$19,992.
 - d) TOTAL is changed from \$225,060 to \$209,232.

Please remove and replace the following:

- 1. Exhibit A with the attached document with pages marked AMENDMENT # 2.
- 2. Exhibit C with the attached document with page marked AMENDMENT # 2.

All other Terms and Conditions remain in effect.

IN WITNESS WHEREOF, County and Contractor have executed this Amendment effective as of the date first set forth above.

We, the undersigned Contractor, have given careful consideration to the change proposed and hereby agree, if this proposed change is approved, that we will provide all equipment, furnish all materials, except as may otherwise be noted above, and perform all services necessary for the work specified herein, and will accept as full payment an estimated price of \$209,232 for Fiscal Year 2011-2012.

Contract time for completion remains unchanged.

Contract Total Price is changed to \$894,153.

THIS AMENDMENT IS NOT VALID UNLESS APPROVED BY THE DIRECTOR, DEPARTMENT OF PURCHASING AND CONTRACTING.

Department Review and Recommended Approval:

By: _____
PAMELA B. SMITH, Director
Aging & Independence Services

Date: _____

By: _____

Date: _____

Jerry Van Leeuwen: Dir. Of Community Services
City of Escondido
201 N. Broadway
Escondido, CA 92025
Phone: 760-839-4871
Fax: 760-839-7044

APPROVED:

By: _____
WINSTON F. McCOLL, Director
Department of Purchasing and Contracting

Date: _____

COUNTY AGREEMENT NUMBER 533562
AGREEMENT WITH CITY OF ESCONDIDO FOR
SENIOR NUTRITION PROGRAM

SIGNATURE PAGE

AGREEMENT TERM. This Agreement shall be effective this 1st day of July 2010 ("Effective Date") and end on June 30, 2011 ("Initial Term") for a total Agreement period of one (1) year.

OPTION TO EXTEND. The County's option to extend is for three (3) increments of one (1) year each for a total of three (3) years beyond the expiration of the Initial Term, not to exceed June 30, 2014, pursuant to Exhibit C Payment Schedule. Unless County notifies Contractor in writing, not less than thirty (30) days prior to the expiration date that they do not intend to renew the Agreement, the Agreement will be automatically renewed for another year.

Options To Extend For One To Six Additional Months At End Of Agreement. County shall also have the option to extend the term of this Agreement in one or more increments for a total of no less than one (1) and no more than six (6) calendar months at the discretion of the County Purchasing and Contracting Director. Each extension shall be effected by written unilateral Agreement amendment delivered to Contractor no less than fifteen (15) calendar days prior to expiration of any Agreement term.

The rates set forth in Article 4, Exhibit C, or other pricing section of this Agreement shall apply to any option exercised pursuant to this option clause unless provision for appropriate price adjustment has been made elsewhere in this Agreement or by Agreement amendment. All payments are subject to "Availability of Funds."

COMPENSATION: Pursuant to Exhibit C, County agrees to pay Contractor a sum not to exceed two hundred thirty four thousand eight hundred one dollars (\$234,801) for the initial term of this Agreement and two hundred nine thousand two hundred thirty two dollars (\$209,232) for the first option year, and two hundred twenty five thousand sixty dollars (\$225,060) for each of the two remaining option year periods, for a maximum Agreement amount of eight hundred ninety four thousand one hundred fifty three dollars (\$894,153), in accordance with the method of payment stipulated in Article 4. It is understood that the parties will meet and confer on the contract price if adjustments are made to the scope of work for an extension of the term or terms. These discussions shall not obligate either party to make a requested adjustment to the scope of work or price except as otherwise set forth in this Agreement, nor shall it relieve either party of its obligations under the Agreement.

COTR. The County has designated the following individual as the Contracting Officer's Technical Representative ("COTR")

Albert Venditti, Contract Administrator
Aging & Independence Services
5560 Overland Ave. Suite 310
San Diego, CA 92123

Phone: (858) 505-6958; FAX: (858) 694-2316; email: albert.venditti@sdcounty.ca.gov

CONTRACTOR'S REPRESENTATIVE. The Contractor has designated the following individual as the Contractor's Representative.

Jerry Van Leeuwen, Director of Community Services
City of Escondido
201 N. Broadway
Escondido, CA 92025

Phone: (760) 839-4691; FAX: (760) 739-7015; email: jvanleeuwen@escondido.org

SAMPLE

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH THE CITY OF ESCONDIDO FOR
SENIOR NUTRITION PROGRAM
EXHIBIT C – FISCAL TERMS & CONDITIONS AND PRICING SCHEDULE

1. **COMPENSATION:** The compensation listed below is not designed to fully fund the program. The fixed supplemental rates are developed annually based on funding and determined to offset the cost of providing services. These rates are subject to availability of funding from the State of California, California Department of Aging (CDA). A completed report of actual costs (closeout report) expended shall be submitted at the end of the fiscal year.
2. **SERVICE UNITS AND RATES FOR THE PERIOD OF JULY 1, 2011 – JUNE 30, 2012**

Exhibit A Paragraph Reference	Services	Funding Source	# of Service Units	Fixed Supplemental Rate	Total
4.1	Congregate Meals	Title III-C1 (1)	25,500	\$4.48	\$114,240
4.2	Transportation	Title III-B (2)	15,000	\$5.00	\$75,000
6.2.2	Incentive Payments*	NSIP-C1	25,500	\$0.784	\$19,992
6.2.3	One-time-only (OTO)	OTO-C1	0	0	0
6.2.3	One-time-only (OTO)	OTO-B	0	0	0
TOTAL					\$209,232

(1) State of California C-1 funding stream

(2) State of California B funding stream

*Nutrition Services Incentive Payment (NSIP) dollar amounts are estimated ONLY and may be adjusted based on actual prior year number of meals served.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

1. Scope of Work/Purpose

Contractor shall provide nutritionally-sound meals and support services to individuals sixty (60) years old and older living throughout San Diego County. The meals shall be provided in two (2) settings: congregate (group setting) at Senior Dining Centers, and home delivery to frail seniors. Contractor shall provide or arrange transportation to and from Senior Dining Centers. There is no charge to the senior for these services, but Contractor shall provide the opportunity for the senior to make a contribution. Priority shall be given to serving persons with the greatest economic or social needs, in particular low-income minority individuals.

2. Background Information

The Senior Nutrition Program, which began in the County of San Diego in 1975, is funded through Title III of the Older Americans Act, a federal program administered by state and county governments and operated under rules, policies, and regulations of the California Department of Aging (CDA). Aging & Independence Services (AIS) oversees this program for the County of San Diego. Nutrition services assist older individuals to live independently by promoting better health and reduced isolation through a program of coordinated congregate meal, home-delivered meal, and supportive services. Various contractors provide lunch for seniors at several sites throughout the county, and many contractors also provide home-delivered meals. Breakfast is also provided at some sites.

3. Goal

3.1 Contractor shall provide the services described herein to accomplish the following goals:

3.1.1 Assist individuals sixty (60) years and older to live independently because of better health and reduced isolation as a result of the Senior Nutrition Program, a program of coordinated congregate meals, home-delivered meals, and referrals to appropriate supportive services.

4. Deliverables

4.1 Congregate Meals. Contractor shall provide the maximum number of meals annually, pursuant to Exhibit C, to seniors in a congregate setting a minimum of five (5) days per week. The number of meals shall be based upon historical actuals and shall not exceed the annual amount without prior County approval.

4.1.1 Contractor shall complete an assessment to determine the eligibility of participants. All assessments shall be made available to the Contracting Officer's Technical Representative (COTR) upon request.

4.1.2 Contractor shall complete a reassessment of the participant's need on an annual basis prior to or on the date of the original assessment. All reassessments shall be made available to the Contracting Officer's Technical Representative (COTR) upon request.

4.1.3 Contractor shall have a paid staff member or a trained volunteer responsible for the day-to-day activities at each site, and be physically on site during the time nutrition program activities are taking place.

4.1.4 Contractor shall ensure that each site has equipment, including tables and chairs, which are sturdy and appropriate for older individuals.

4.1.5 Each meal shall contain at least one-third (1/3) of the current daily recommended dietary allowance as established by the Food and Nutrition Board, National Academy of Sciences (<http://www.iom.edu/CMS/3788.aspx>), and shall comply with the most current Dietary Guidelines for Americans (<http://health.gov/DietaryGuidelines/>) established by the US Department of Agriculture and the US Department of Health and Human Services.

4.2 Home-Delivered Meals. Contractor shall provide the maximum number of home-delivered meals annually, pursuant to Exhibit C, to seniors a minimum of five (5) days per week.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

- 4.2.1 Contractor shall assess the level of need for home-delivered nutrition services of each eligible participant.
- 4.2.1.1 The initial assessment may be conducted by telephone.
- 4.2.1.2 A written assessment shall be conducted in the participant's home within two (2) weeks of initiation of services, and shall include an assessment of the type of meal that is appropriate for the participant in their living environment.
- 4.2.1.3 A reassessment of the participant's need shall be completed quarterly and a reassessment in the participant's home shall be conducted at least every other quarter.
- 4.2.1.4 All assessments shall be made available to COTR upon request.
- 4.2.2 Contractor shall provide written instructions for handling and re-heating of the meal in the language of the participant receiving the meal.
- 4.2.3 Each meal shall contain at least one third (1/3) of the current daily recommended dietary allowance as established by the Food and Nutrition Board, National Academy of Sciences, and shall comply with the most current Dietary Guidelines for Americans established by the US Department of Agriculture and the US Department of Health and Human Services.
- 4.3 Transportation. Contractor shall provide units of transportation annually, pursuant to Exhibit C, to eligible program participants. Contractor shall count each trip to and from Senior Dining Centers as a one-way trip.
- 4.3.1 Contractor's staff and/or volunteers providing transportation services shall possess a current and valid driving license issued by the State of California, and Contractor shall maintain a copy(ies) of said licenses on site for review by COTR.
- 4.4 Nutrition Education. Contractor shall provide the County-approved units of nutrition education a minimum of four (4) times per contract year to participants in each of Contractor's congregate and home-delivered meal program.
- 4.4.1 Nutrition education should include teaching participants regarding making smart food choices, and balancing food and physical activity to increase chances for a healthy life based on the 2005 Dietary Guidelines for Americans (<http://www.health.gov/DietaryGuidelines/dga2005/document/default.htm>).
- 4.4.2 The County contractor for registered dietician services shall provide input, review, and approve Contractor's nutrition education content prior to presentation.
- 4.4.3 Contractor shall develop an annual nutrition education plan which shall be implemented, monitored, and kept on file.
- 4.5 Contractor shall provide County supplied Food Stamps program information to all senior nutrition clients.
- 4.6 Contractor shall establish a plan to serve older individuals with the greatest economic and social need. The Older Americans Act defines older individuals in the greatest economic need as any person sixty (60) years or older whose need results from an income level at or below the poverty line as defined by the Federal Bureau of the Census (<http://www.census.gov/>) and greatest social need as physical and mental disabilities, language barriers, and cultural, social, or geographical isolation, including isolation caused by racial or ethnic status, that restricts the ability of an individual to perform normal daily tasks; or threatens the capacity of the individual to live independently. Contractor's plan shall be submitted to County no later than thirty (30) days after award of contract.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

5. Target Population and Geographic Service Area

Contractor shall provide services to individuals sixty (60) years old and older living throughout the County of San Diego. Priority shall be given to serving persons with the greatest economic or social needs, in particular low-income minority individuals.

5.1 Dining site location, days of service, hours of service and type(s) of meal served (breakfast and/or lunch):

5.1.1 Dining Site: Joslyn Senior Nutrition Center, 210 Park Ave, Escondido CA 92025; Monday through Friday, 11:30-12:15 for lunch.

6. Payment for Services

6.1 Contractor shall submit a monthly claim for the actual service deliverables (including data pursuant to section 13.3 of the Service Agreement) for the prior month to the COTR by the fifteenth (15th) of the following month.

6.1.1 Claims and data not submitted by the fifteenth (15th) of the month will not be processed for payment until all required information is submitted.

6.2 Funding Components; Fiscal Terms and Conditions. The Senior Nutrition Program is funded by the following components and follow the fiscal terms and conditions listed below:

6.2.1 California Department of Aging (CDA) Title III Allocation. This funding is allocated as follows:

6.2.1.1 State of California C-1 Funding Stream. This is the fixed supplemental rate dollar amount for a portion of Contractor's congregate meals costs. Payments are monthly compensation payments to Contractor for the provision of congregate meals according to Exhibit A, Performance Work Statement.

6.2.1.2 State of California C-2 Funding Stream. This is the fixed supplemental rate dollar amount for a portion of Contractor's home-delivered meal costs. Payments are monthly compensation payments to Contractor for the provision of home-delivered meals according to Exhibit A, Performance Work Statement.

6.2.1.3 State of California B Funding Stream. This is the fixed supplemental rate dollar amount for a portion of Contractor's transportation costs. Payments are monthly compensation payments to Contractor for the provision of transportation (one-way trips) services according to Exhibit A, Performance Work Statement.

6.2.2 Nutrition Services Incentive Program (NSIP). This is the fixed supplemental rate dollar amount for incentive payments from the NSIP. NSIP payments are monthly incentives based on Contractor's on-going high achievement based on the number of meals (C-1 and C-2) served during the prior contract year. This amount will be determined annually by the County, based on funds received from the State and Contractor's prior year's performance (i.e. meals served). NSIP funds shall be used to purchase food to be used in the Senior Nutrition Program and not to meet cost sharing or to match funds for any other federal program.

6.2.3 One-Time-Only (OTO) Allocation. OTO allocations are one-time annual monetary awards for designated goods or services related to C-1, C-2 or B Programs, which are directly related to the Senior Nutrition Program, based on special cost reimbursement requests from Contractor. OTO awards are based on funds received from the State of California, and must be approved in advance by the County. Contractor shall procure the goods or services by utilizing competitive measures, and provide documentation of receiving three (3) or more quotes to substantiate fair and reasonable pricing. County will reimburse costs upon submission of receipts with the invoice in the month following the month in which the expenditure(s) occurred.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

- 6.2.4 Contractor's program income, which is participant donations/contributions and guest fees.
6.2.5 Contractor's other revenue, such as fundraising.

Said compensation is not designed to fully fund the Senior Nutrition Program. The fixed supplement rates are determined to offset the cost of providing services based on and subject to availability of funds from the State of California, California Department of Aging (CDA).

The County shall have the authority to increase or reduce the contract compensation, via the issuance of a Unilateral Amendment, signed by the County's Director of Purchasing and Contracting, as required to execute 6.2.2 and 6.2.3 above.

7. General Requirements for Service Delivery

- 7.1. Contractor's services shall be based upon the California Code of Regulations, Title 22, Division 1.8, Chapter 4, Article 5 (<http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>), the California Retail Food Code (CRFC) (http://www.aging.ca.gov/aaa/guidance/california_food_retail_code.pdf), and the Occupational Safety and Health Administration (OSHA) (<http://www.osha.gov/>). Additionally, a valid health permit from the County of San Diego, Department of Environmental Health for all food production sites and sub-contracted caterers is required.
- 7.2. Contractor shall ensure that the facilities in which the meals will be served shall be accessible via public transportation, if available, and shall comply with the requirements of the Americans with Disabilities Act (ADA) (<http://www.ada.gov/>), and Title 24 of the California Code of Regulations. All Contractor facilities are subject to inspection and approval.
- 7.3. Performance Expectations. Contractor shall maintain one hundred percent (100%) compliance with service levels stated in this Agreement. A Corrective Action Plan is required to be submitted by Contractor if Contractor falls below ninety five percent (95%) of the service levels. Service levels shall be reviewed monthly, quarterly, and annually by Contractor and County staff. Failure to bring service levels up to the contracted levels may result in re-negotiation of the contracted service levels or termination of the contract. The budget level will be revised to be commensurate with the lower level of service(s).
- 7.4. Reference to AIS. All printed materials, publicity, and media outreach prepared or conducted by Contractor shall include a reference to Aging & Independence Services as a funding source. Copies of publicity materials related to programs identified in this contract shall be filed with Aging & Independence Services Contract Operations.
- 7.5. Equipment Documentation. Contractor shall document, in writing, the need for purchasing equipment and provide at least three (3) estimates per item requested. Written documentation must demonstrate a direct relationship between the goals, objectives and specific requirements for service delivery and the equipment to be purchased. In the case of automation equipment, Contractor must demonstrate that the equipment and related software to be purchased will meet County of San Diego/Health and Human Services Agency/Aging & Independence Services requirements and standards.
- 7.6. Match. Contractor is required to provide a minimum of a fifteen percent (15%) match for program costs in cash or in-kind income.
- 7.7. Cultural Competence and Diversity. Contractor shall support the County of San Diego, the Health and Human Services Agency, and Aging & Independence Services through organizational and systematic practices demonstrating cultural competence and diversity. A set of congruent behaviors, attitudes and policies for programs and systems shall be adopted that enable people to work effectively in cross-cultural situations. All services provided shall be oriented to meet the unique linguistic and cultural needs of the diverse clients to be served.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

7.8 Building Better Health Strategy Agenda. Contractor shall support the County of San Diego, Health and Human Services Agency, ten-year Building Better Health Strategy Agenda that guides County services to support healthy communities. One theme of the Health Strategy is to support healthy choices, including encouraging healthy eating. As a nutrition contractor, strive to encourage healthy eating through the use of a variety of fresh fruits, vegetables and other nutritious foods. Contractor is encouraged to include locally grown produce in meal plans when feasible. For more information on the Building Better Health Strategy Agenda, go to www.sdcountry.ca.gov/hhsa/programs/sd/health_strategy_agenda/index.html.

8. Specific Requirements for Service Delivery

8.1 There are three (3) major program components of the Senior Nutrition Program: food service, support services, and the advisory role of participants:

8.1.1 Food Service. Contractor shall provide a hot or other appropriate meal that meets minimum nutrition requirements, served a minimum of five (5) or more days a week in a congregate setting. Meals to participants who are homebound must be made available every day of the year although frozen meals for the weekend or holidays may be delivered during the week (see above for Title 22 link). Meals shall be prepared, served and delivered in a manner which complies with local public health laws and regulations.

8.1.2 Support Services. Contractor shall conduct outreach activities to ensure participation of eligible older persons, particularly those in greatest economic or social need; must develop or maintain coordination with other social services agencies; and plan for and provide nutrition education services.

8.1.3 Advisory Role of Participants. Contractor shall have procedures for obtaining the views of participants regarding the services they receive. This shall be implemented through the establishment of a Program Council or other advisory body of participants approved by Aging & Independence Services.

8.2 Staffing/Administration. Contractor shall maintain an adequate number of qualified persons to assure the satisfactory implementation of: program leadership; program planning; provision of nutrition services; outreach and other services; volunteer activities; financial and contract management; and data collection for required federal, state and county reports and records. Notification of program changes must be made to the County within seventy two (72) hours when said changes will affect the delivery of services to the participants. Example of such situations may be staff changes, site closures (temporary or permanent) and vehicle incidents.

8.3 Meal Contributions by Eligible Participants. Eligible persons receiving nutrition services shall be given the opportunity to contribute to the costs of the service provided and shall determine for themselves what they are able to contribute. Contractor shall not deny services to any person because of failure to contribute. Methods to receive contributions shall ensure anonymity. Contractor shall encourage participants to contribute towards the cost of the meal and shall suggest a minimum amount. The minimum suggested donation shall be developed with input from the Program Council or other advisory body of participants. A suggested contribution schedule may be developed, considering the income ranges of older persons in the community. Contribution schedules shall not be used as a "means" test to determine eligibility.

8.3.1 Contractor shall establish written procedures to protect contributions and fees from loss, mishandling, and theft. Such procedures shall be kept on file at Contractor's site.

8.3.2 Contributions are considered program income and shall be used to increase the number of meals served.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

- 8.4 Meal Charges for Staff and Guest under Sixty (60) Years of Age. Contractor may serve meals to staff and guests under sixty (60) years of age if doing so will not deprive an eligible participant of a meal. These individuals shall pay at least the full cost of the meal.
 - 8.4.1 Charges for meals are considered program income and shall be used to increase the number of meals served.
- 8.5 Records, Reports and Distribution Information. Contractor shall maintain a system for the collection of data that will accurately reflect the Contractor’s program and financial operations, will meet requirements with respect to confidentiality, and fulfill the information required by this contract.
- 8.6 Holidays. A maximum of twelve (12) recognized holiday closings will be allowed per year. These holidays must be submitted in advance to the COTR at the beginning of each fiscal year. Exceptions will be handled on a case-by-case basis.
 - 8.6.1 If more than twelve (12) holiday closings are taken, Contractor must make up the days lost.
- 8.7 Data Collection and Reporting
 - 8.7.1 Contractor shall utilize the AIS-identified Automated Data Collection System to:
 - 8.7.1.1 Register and maintain all client demographic and assessment data for all active clients within each fiscal year,
 - 8.7.1.2 Track and report all service unit delivery data (via bar-coding and manual data entry) within each fiscal year.
 - 8.7.2 Contractor shall maintain and report accurate, daily meal counts, nutrition education and transportation units in the County-identified Automated Data Collection System.
 - 8.7.3 Contractor shall submit monthly summary reports of the information listed above in 8.7 and claims to AIS Contract Operations by fifteenth (15th) of month following the month in which the services were provided. Claims will be paid upon successful determination of reconciled data as mentioned in paragraphs 8.7.1 and 8.7.2 above.
 - 8.7.4 Contractor shall submit a completed report of actual costs expended for each service category at the end of each contract fiscal year for the term of the contract, as requested by the County, in the form and format as provided by AIS.
- 8.8 Customer Satisfaction Survey. Contractor shall annually obtain the views of participants regarding the services received through the development and utilization of a customer satisfaction survey which to be pre-approved by the County.
 - 8.8.1 Contractor shall provide a summary report of the results of the satisfaction survey to the COTR by the fifteenth (15th) of the month following the completion of the survey cycle.
 - 8.8.2 Contractor shall achieve an overall “very satisfied” or “somewhat satisfied” rating from a minimum of ninety percent (90%) of clients with each Customer Satisfaction Survey. Contractor shall incrementally improve service each year to achieve this rating.
 - 8.8.3 Contractor shall make all survey results available to COTR upon request.

9. Disaster Preparedness

- 9.1 As a provider of critical services to seniors and persons with a disability during a disaster, Contractor shall:
 - 9.1.1 Establish and maintain a disaster plan to ensure preparedness and the ability to continue to deliver services during and post-disaster.

COUNTY CONTRACT NUMBER 533562
COUNTY OF SAN DIEGO, HEALTH AND HUMAN SERVICES AGENCY
AGREEMENT WITH CITY OF ESCONDIDO
FOR SENIOR NUTRITION PROGRAM
EXHIBIT A – PERFORMANCE WORK STATEMENT

- 9.1.2 Provide the County with the following:
 - 9.1.2.1 Primary and secondary emergency contact phone numbers
 - 9.1.2.2 Status updates, upon request, during and post-disaster, including the following at a minimum:
 - 9.1.2.2.1 Operability of sites and/or services
 - 9.1.2.2.2 Services provided to the target population
 - 9.1.2.2.3 Service capacity

For City Clerk's Use:

APPROVED **DENIED**

Reso No. RRB _____ File No. _____

Ord No. RRB _____

RENT REVIEW BOARD

Agenda Item No.: 17

Date: June 22, 2011

TO: Honorable Chairman and Members of the Rent Review Board
FROM: Jerry Van Leeuwen, Director of Community Services
SUBJECT: Short-Form Rent Increase Application for Carefree Ranch Mobilehome Park

RECOMMENDATION:

- Consider the short-form rent increase application submitted by Carefree Ranch Mobilehome Park.
- If approved, adopt Rent Review Board Resolution No. 2011-05 granting an increase of seventy-five percent (75%) of the change in the Consumer Price Index, or .932% (an average of \$4.20) for the period of December 31, 2009, to December 31, 2010. The application meets the eligibility criteria for submittal of a short-form rent increase application.

INTRODUCTION:

Carefree Ranch Mobilehome Park ("Park") has filed a short-form rent increase application. The Board is asked to consider the application, accept the staff report, hear public testimony, and make a determination concerning the request in accordance with the Escondido Rent Protection Ordinance and the short-form procedures as outlined in the Rent Review Board Guidelines (Section 12). The application and the staff report have been made available to the Board for review and consideration prior to the hearing.

THE RENT INCREASE APPLICATION:

Carefree Ranch is a senior Park located at 211 N. Citrus Avenue. The Park contains 184 spaces, and 115 of the spaces are subject to rent control. The remaining spaces are a combination of Park rentals, residents on long-term leases or are spaces that are currently vacant. The average space rent for the spaces subject to rent control is \$451.15.

Common facilities of the Park include a furnished clubhouse with a kitchen, a heated swimming pool and spa, covered shuffleboard courts and a guest house. There are laundry facilities available for a fee, as well as a vehicle storage area.

PARK OWNER'S REQUEST:

Under the short-form policy guidelines, the Park owner is requesting an increase of seventy-five percent (75%) of the change in the Consumer Price Index (CPI) covering the period of December 31,

2009, through December 31, 2010, The average increase requested is \$4.20 per space, which is a .932% increase for the 12 month period.

RESIDENT MEETING AND COMMENTS:

All residents affected by this request were invited to attend a meeting in their clubhouse on May 24, 2011 at 4:00 p.m. Approximately 18 residents attended the meeting. The meeting was also attended by the Park Manager, Margi Gold, the Regional Manager for the Park Owner, Jim Younce, Code Enforcement Officer Sandra Moore, and consultant Michelle Henderson. The application and the short-form hearing procedures were reviewed with the residents in attendance.

Resident issues and concerns were discussed. One resident indicated he thought there was a need for more cameras in the trash bin areas as people other than residents sometimes use them. It was also suggested that the Park provide vehicle stickers for residents to help monitor people who come into the Park who are not residents. The resident representative, Wayne Louth, asked if the park would accept an increase less than 75% of the change in the CPI, and in response, the Park has declined to adjust the amount of the rent increase requested. The resident representative said there were maintenance issues he wanted to discuss with Jim Younce, and they decided to review those issues during the inspection with Code Enforcement.

In Carefree Ranch, there are 29 residents who participate in the City of Escondido Rent Subsidy Program

The last rent increase for the Park was granted in June of 2010 for an average amount of \$2.02 per space per month covering a 12-month period of consideration.

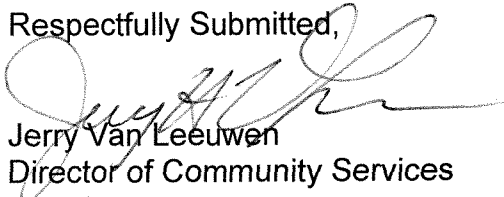
CODE INSPECTION REPORT:

An inspection of the Park's common areas by the City's Code Enforcement Division was completed on June 2, 2011. A copy of the Code Enforcement Inspection Report is attached as "Exhibit A". The applicant and resident representative each received a copy of the Report. If approved, the requested increase cannot be implemented until after the health and safety code violations noted in the Inspection Report have been corrected, signed off and are in compliance with the various state and local code sections as noted in the Inspection.

ADDITIONAL FACTORS AFFECTING THE APPLICATION:

In conformance with the Rent Review Board Guidelines, the decision of the Board will be finalized by adoption of the Resolution confirming the findings of the Public Hearing. The Notice of Determination will be mailed to the applicant and residents immediately upon adoption of the Resolution. The 90-day notice of any rent increase granted may be sent to the residents upon the adoption of the Resolution.

Respectfully Submitted,




Jerry Van Leeuwen
Director of Community Services



DATE: JUNE 7, 2011

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE RENT CONTROL BOARD

FROM: BRIAN GUSTAFSON, CODE ENFORCEMENT MANAGER 

SUBJECT: CAREFREE RANCH MOBILE HOME PARK

Carefree Ranch Mobile Home Park was inspected on June 2, 2011, with the lighting inspection conducted that morning, as a result of an application for a rent increase having been filed. There were four minor violations found during the site inspection and one violation found during the lighting inspection; the inspection report is attached.

A resident meeting was held on May 24, 2011 (attended by approximately 18 residents) and there were no health and safety concerns raised.

There were no resident complaints and no open code enforcement cases in this park during the past year.

CC: Barbara Redlitz, Director of Community Development
Michelle Henderson, Rent Control Administration



June 6, 2011

MOBILEHOME PARK RENT CONTROL
CODE ENFORCEMENT INSPECTION REPORT

Park Name: Carefree Ranch Mobile Home Park

Park Owner: Bart Thomsen Properties
Attn: Katie Morris
301 E. 17th Street, #208
Costa Mesa, CA 92627

Park Manager: Margi Gold **Phone:** (760) 745-4851

Inspection Date: 06/02/11 **Inspector(s):** S. Moore

The following report is based on the inspection of the mobile home park conducted under provisions outlined in the California Health & Safety Code, Division 13, Part 2.1; the California Code of Regulations, Title 25; the Escondido Zoning Code, Article 45; and the Escondido Municipal Code. This inspection report only addresses health and safety issues that are related to areas for which maintenance, repair and operations is the responsibility of the owners and managers of the park.

General Violations:

1. Cover the exposed electrical wiring at the jet pump in the spa equipment room. **25 CCR 1102 (a), 25 CCR 1436 (a)**
2. Repair the drywall behind the toilet in the unisex bathroom for the swimming pool. **25 CCR 1102 (a), 25 CCR 1608 (b) (4)**

3. The handrail on the spa is loose and unstable. **25 CCR 1608 (a) (6), 25 CCR 1608 (i)**
4. Repair the termite damaged framing on the door of the storage/workshop building. **25 CCR 1102 (a), 25 CCR 1605 (g) (2), 25 CCR 1605 (i)**

**Areas of the park needing illumination per 25 CCR 1108
(Lighting Inspection; 06-02-11)**

1. Trim the vegetation away from the street light fixture adjacent to space 201.

RESOLUTION NO. RRB 2011-05

A RESOLUTION OF THE ESCONDIDO
MOBILEHOME RENT REVIEW BOARD
MAKING FINDINGS AND GRANTING A RENT
INCREASE FOR CAREFREE RANCH
MOBILEHOME PARK

WHEREAS, Article V of Chapter 29 of the Escondido Municipal Code is a codification of the Escondido Mobilehome Rent Protection Ordinance ("Ordinance") and provides for mobilehome space rent regulation; and

WHEREAS, the City of Escondido Mobilehome Park Rental Review Board ("Board") is charged with the responsibility of considering applications for rent increases; and

WHEREAS, a short-form Rent Increase Application was filed pursuant to Section 12 of the Rent Review Board Guidelines on May 2, 2011, by Bart Thomsen, the owner of Carefree Ranch Mobilehome Park ("Park"). The Park is located at 211 N. Citrus in Escondido. The rent increase applies to 115 of the 184 spaces in the Park; and

WHEREAS, this is the fifteenth rent increase application filed by the Park since the Ordinance became effective in 1988. The last rent increase was granted by the board at a Rent Review Board Hearing held on June 23, 2010, and formally adopted by Rent Review Board Resolution 2010-03. The increase requested was for .455%, or approximately \$2.02 per space, per month; and

WHEREAS, at this time the average monthly space rent is approximately \$451.15 for the 115 spaces subject to the rent increase. The Park owner requested a rent increase in the amount of 75% of the change in the Consumer Price Index (CPI) for the period of December 31, 2009, through December 31, 2010, in accordance with the

Rent Review Board short-form policy guidelines. The application estimated this amount to be an average of \$4.20 (.932%) per space, per month; and

WHEREAS, a notice of the Park's Rent Increase Application was sent to all affected homeowners. All parties were given notice of the time, date and place of the rent hearing before the Board; and

WHEREAS, on June 2, 2011, a Mobilehome Park Rent Control Code Enforcement Inspection Report ("Inspection Report") was completed. The Inspection Report noted Health and Safety Code violations in the Park; and

WHEREAS, on June 22, 2011, the Board held its public hearing. After an initial presentation, the Board invited testimony from Park ownership, residents of the Park and other residents of the community at large; and

WHEREAS, after all present had been given an opportunity to speak, the hearing was closed. Following an opportunity for discussion among the Board members and clarifying questions to the parties and Staff, the Board voted to grant an average rent increase of \$4.20 per space, per month, for the 115 spaces, which are subject to rent control,

NOW, THEREFORE, BE IT RESOLVED by the Rent Review Board of the City of Escondido, as follows:

1. That the above recitations are true.
2. That the Board has heard and considered all of the reports and testimony presented, and has considered the facts as outlined in the short-form Guidelines ("Guidelines").

3. That following the Guidelines, an increase based on 75% of the change in the Consumer Price Index (CPI) for San Diego County from December 31, 2009, through December 31, 2010, amounted to .932%, which averaged \$4.20 per space, per month, for the 115 spaces that are subject to rent control.

4. The Board concluded that an increase of \$4.20 per space, per month, is consistent with the Guidelines, and is fair, just, and a reasonable increase in light of the information presented by all parties.

5. That the increase may not be implemented until after the health and safety code violations noted in the Inspection Report have been corrected, signed off, and are in compliance with the various state and local code sections as noted in the Inspection.

6. That the increase may be implemented upon the expiration of the required 90-day notice to the residents, which may be issued upon the adoption of this Resolution.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 18

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Barbara Redlitz, Director of Community Development

SUBJECT: Review of Status of the Downtown Business Improvement District (BID) and Levy BID Assessments for FY 2011-12

RECOMMENDATION:

It is requested that Council approve Resolution 2011-55 to levy the Downtown Business Improvement District assessments for FY 2011-2012.

FISCAL ANALYSIS:

There is no fiscal impact to the City of Escondido other than staff time to administer the collection and processing of the payments, including enforcement. BID assessments are collected by the Code Enforcement Division's Business License staff and passed through to the Downtown Business Association (DBA). The City does not receive any portion of the assessments to offset costs of administering the program. At the public hearing, staff will provide an estimate of the cost to administer and enforce the BID program.

CORRELATION TO THE CITY COUNCIL ACTION PLAN:

The events, activities and programs carried on within the BID relate to the Council's Action Plan regarding Economic Development.

PREVIOUS ACTION:

The DBA presented their annual report to the City Council on June 8, 2011. The DBA described their survey results, along with the proposed budget and activities for the next fiscal year. The City Council requested additional information from the DBA regarding the rate schedule for different business categories and the proposed budget expenditures, and expressed interest in a potential reduction of BID assessments due to the economic downturn. Thora Guthrie, the CEO of the DBA, agreed to provide additional budget and rate information to the Council at the June 22, 2011 hearing. Additional Council discussion included whether the City should recover some of the costs to administer the BID program, as well as whether to explore other options regarding the future program administration; discussion of these items was deferred to the public hearing, at which time Council may provide direction to staff, subject for future action. The City Council received and approved the annual report,

and approved Resolution 2011-54, a Resolution of Intention setting June 22, 2011, at 4:30 PM as the public hearing date.

BACKGROUND:

The California Streets and Highways Code enables the formation of business improvement districts, requires an annual review of the BID report and the annual levying of BID assessments. All businesses located within the BID area will be assessed according to the benefit zones and corresponding schedule and rates as detailed in Resolution 2011-55 (Exhibits "A" and "B").

The assessment is collected when a business license is issued and then annually thereafter, when the business license is renewed. The assessments are passed through to the DBA on a monthly basis; the City does not receive any portion of the assessments. The DBA serves as the steward of BID assessments and the administrator and implementer of activities and improvements for the BID. These activities are conducted per an Agreement with the City of Escondido that was adopted in November 1990 and amended in 1995 and 2007.

The City Council can receive written protests filed with the City Clerk before the public hearing date of June 22, 2011, or a business owner can speak at the public hearing if they wish to do so. Each written protest shall contain a description of the business in which the person subscribing the protest is interested, sufficient to identify the business. If a person subscribing (filing the written protest) is not shown on the official records of the City as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with this section shall not be counted in determining a majority protest per CA Codes (form and manner of protests). Protests can also be presented at the public hearing. As of the date of this report preparation, no written protests have been received.

By adopting Resolution 2011-55, the City Council will levy BID assessments for FY 2011-2012. The proposed rates for the existing business categories are the same as were levied for FY 2010-2011. The Council can also choose to modify the rates and schedules, if they wish.

Respectfully submitted,



Barbara Redlitz
Director of Community Development

RESOLUTION NO. 2011-55

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING AND CONFIRMING THE
ESCONDIDO DOWNTOWN BUSINESS
IMPROVEMENT DISTRICT'S 2011-2012
ANNUAL REPORT AND THE LEVY OF
ASSESSMENT RATES FOR FISCAL YEAR
2011-2012 WITHIN THE BUSINESS
IMPROVEMENT DISTRICT BOUNDARY

WHEREAS, Ordinance No. 91-37 was adopted on October 2, 1991, by the City Council, authorizing assessments for businesses within the Escondido Downtown Business Improvement District ("BID"); and

WHEREAS, these assessments are to be used for certain improvements and activities for the benefit of the businesses located within the BID; and

WHEREAS, in accordance with California Streets and Highway Code Section 36533, the Downtown Business Association has prepared and filed with the City of Escondido the Escondido Downtown Business Improvement District 2011-2012 Annual Report ("2011-2012 Report") and at the June 8, 2011, City Council meeting, the City Council considered and discussed the 2011-2012 Report; and

WHEREAS, pursuant to California Streets and Highway Code Section 36534, on June 8, 2011, the City Council adopted Resolution 2011-54, declaring the City Council's intention to levy and collect assessments within the Escondido Downtown BID for Fiscal Year 2011-2012, and to hold a public hearing on June 22, 2010, at 4:30 p.m.; and

WHEREAS, the City Clerk caused a copy of Resolution 2011-54 to be

published in a newspaper of general circulation at least seven days before the June 22, 2011, public hearing; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to adopt the rate schedule for Fiscal Year 2011-2012 within the BID Boundary and as set forth within this resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Report prepared for 2011-2012 Fiscal Year for the levy of assessments and their collection to pay the costs of improvements and activities described in the Report is confirmed as filed.
3. That the City Council approves the assessment rates for Fiscal Year 2011-2012 as noted in the resolution, for businesses located within the Escondido Downtown BID. The BID map with benefit zones is depicted in Exhibit "A" and the assessment rate schedule is shown in Exhibit "B"; and both Exhibits "A" and "B" are attached to this resolution and incorporated by this reference.

BID Assessment Formulas 5/16/2011

Category	Zone 1	Zone 2	Zone 3
Automotive/Gas/Repairs/Parts	\$ 600	\$ 500	\$ 400
Bed & Breakfast	\$ 400	\$ 250	\$ 100
Computer/Software Sales	\$ 450	\$ 350	\$ 250
Financial Services and Banks	\$ 600	\$ 450	\$ 300
Food: Coffee/Snack	\$ 300	\$ 200	\$ 100
Food: Fast Food/Deli	\$ 500	\$ 400	\$ 300
Food: Restaurant Full Service/Bar/Lounge	\$ 900	\$ 600	\$ 300
Hospital	\$ 900	\$ 700	\$ 400
Retail	\$ 450	\$ 350	\$ 250
Storage Facilities	\$ 450	\$ 350	\$ 250
Theater Live per Stage/Movie Theater per screen	\$ 100	\$ 70	\$ -
Service Providers			
Advertising/Sign Shops	\$ 400	\$ 250	\$ 100
Car Rental	\$ 400	\$ 250	\$ 100
Care Services	\$ 400	\$ 250	\$ 100
Coin Laundry	\$ 400	\$ 250	\$ 100
Collection Agency	\$ 400	\$ 250	\$ 100
Contractors	\$ 400	\$ 250	\$ 100
Court Reporting	\$ 400	\$ 250	\$ 100
Dance Studio	\$ 400	\$ 250	\$ 100
Dispatch (Trucking office)	\$ 400	\$ 250	\$ 100
Exercise Studio/Gym	\$ 400	\$ 250	\$ 100
Insurance	\$ 400	\$ 250	\$ 100
Interior Design (unaccredited)	\$ 400	\$ 250	\$ 100
Mortgage	\$ 400	\$ 250	\$ 100
Photography	\$ 400	\$ 250	\$ 100
Real Estate	\$ 400	\$ 250	\$ 100
Salons/Spas/Beauty/Barber	\$ 400	\$ 250	\$ 100
Sewing/Tailoring	\$ 400	\$ 250	\$ 100
Travel	\$ 400	\$ 250	\$ 100
Publishing	\$ 400	\$ 250	\$ 100
Professional			
Acctg/CPA/Bkkg/Tax	\$ 300	\$ 210	\$ 120
Consulting	\$ 300	\$ 210	\$ 120
Counseling	\$ 300	\$ 210	\$ 120
Education	\$ 300	\$ 210	\$ 120
Engineering	\$ 300	\$ 210	\$ 120
Legal	\$ 300	\$ 210	\$ 120
Medical/Dental/Optical	\$ 300	\$ 210	\$ 120
Architects	\$ 300	\$ 210	\$ 120
Interior Design (accredited)	\$ 300	\$ 210	\$ 120
Veterinarian	\$ 300	\$ 210	\$ 120
Independent Film/Sound Production	\$ 300	\$ 210	\$ 120

Independent Contractors

Antiques/Salon	\$ 75	\$ 53	\$ 38
Artist Space Rental	\$ 75	\$ 53	\$ 38
Booth Rental	\$ 75	\$ 53	\$ 38
Non Profit	\$ 125	\$ 125	\$125

For businesses not classified, Escondido Downtown Business Association Board/Staff will determine applicable rate.

Multiple businesses: Defined as where one owner has multiple businesses at same location, the total assessment for that location under this resolution shall be the highest assessment of any one of those businesses, when considered individually.



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 19

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Barbara J. Redlitz, Director of Community Development

SUBJECT: Modification to a Commercial Planned Development to Amend the List of Permitted Uses (PHG 11-0003)

STAFF RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-76 approving a modification to the Master Plan for the Sports Authority shopping center.

PLANNING COMMISSION RECOMMENDATION:

On May 24, 2011, the Planning Commission voted 7-0 to recommend approval of the proposed Master Plan modification.

PROJECT DESCRIPTION:

A modification to the Master Development Plan for the Sports Authority shopping center (87-03-PD) to amend the list of permitted uses to allow medical and dental offices which currently are not permitted in this commercial center. No construction or physical changes to the site are proposed as part of this application.

LOCATION:

The 11.25-acre site is located on the western side of West Valley Parkway, between Auto Park Way and Ninth Avenue, addressed as 1346 – 1358 West Valley Parkway.

FISCAL ANALYSIS:

None

GENERAL PLAN ANALYSIS:

The site is located in the Planned Commercial designation of the General Plan. Commercial Policy B4.1(b)(8) of the General Plan notes this planned commercial area includes the Escondido Auto Park

and also allows a variety of general commercial and office facilities with proposed uses and design features subject to Master Plan approvals.

ENVIRONMENTAL REVIEW:

The proposal is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Section 15301 (Existing Facilities). A Notice of Exemption was issued on May 17, 2011.

BACKGROUND:

The existing commercial center is located at the entry to the Escondido Auto Park and was originally constructed in 1988 with Home Depot as the major tenant. The center also includes several in-line tenant shops attached to the major tenant building as well as three single-tenant and multi-tenant commercial pad buildings.

In the early 1990's, Home Depot moved into a larger building located in a new commercial center across Ninth Avenue to the south. The former Home Depot building was ultimately divided up and now serves three sub-major tenants including Sports Authority, Staples and BevMo. Ownership in the shopping center has also changed from a single owner to two owners. WGA EVC, Inc. owns the sub-major tenant building and the majority of parking spaces in the center. Escondido Valley Center 02, LLC owns all the in-line tenant spaces and pad buildings. Although ownership and tenants have changed over the years, permitted uses within the commercial center are still regulated by the original Master Plan 87-03-PD.

Last year the leasing agent representing the owner of the in-line tenant shops signed a lease with a local dentist to open a dental office in the shopping center. The dentist submitted building plans into the Building Division for tenant improvements to convert the space into a dental office. The Planning Division notified the Building Division that the plans could not be approved because dental offices were specifically listed in the Master Plan under "Uses Not Permitted." Litigation commenced between the dentist and the owner of the in-line shops regarding the terms of the lease. The Planning Division notified both parties that a modification to the Master Plan to amend the list of permitted uses would be required if either party wanted to pursue allowing dental offices in the commercial center. On February 7, 2011, the owner of the in-line tenant shops (Escondido Valley Center 02, LLC) submitted a request for a modification to allow medical and dental offices within the commercial center. The other property owner has also signed the application because the list of permitted uses covers the entire shopping center.

PLANNING COMMISSION RECOMMENDATION AND SUMMARY:

On May 24, 2011, the Planning Commission voted 7-0 to recommend approval of the proposed modification to allow medical and dental offices in the shopping center. Commissioner Weber expressed initial concern that the change could set precedent by facilitating the relocation of medical and dental uses outside the HP zone around Palomar Hospital, and also would result in a loss of sales tax revenue by allowing more office uses in the complex. The other commissioners generally noted that medical and dental offices existed in other shopping centers located in the city and that the proposed change would not affect the viability of the commercial center. Commissioner Weber ultimately joined the unanimous vote for approval.

ANALYSIS:

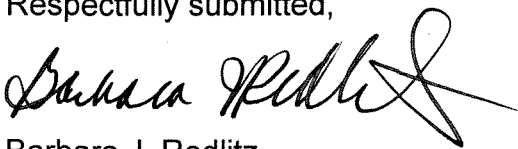
At the time the commercial planned development was approved in 1987, a total of 31 office-related uses were specifically excluded from the commercial planned development because they were determined to be professional uses wherein no physical product was involved or sold. The desire to allow some offices where products are sold led to the allowance of travel agencies and real estate offices, while offices that provided services like law offices and stock brokerages were prohibited. However, that distinction is somewhat unclear based on a review of the types of uses that are listed on the "Permitted" and "Not Permitted" lists. For example, mortgage company sales offices are permitted while mortgage company administrative offices are banned. Optometrists are permitted, but there is a prohibition on doctor's offices. The staff report prepared at the time the project was approved did not provide any analysis or reasons for allowing some office uses while not allowing others.

Medical and dental offices are prohibited in other commercial planned developments such as La Terraza, but that is generally due to the higher parking requirement for medical/dental versus administrative and professional offices. Parking for typical office uses is required at a ratio of 1 space per 300 SF. Medical and dental uses require 1 parking space per 200 SF. Office complexes constructed with parking at the 1:300 parking ratio therefore cannot accommodate medical or dental uses. Another potential reason why medical and dental uses may be banned in some commercial planned developments is that many were constructed in the 1980's during a period when there was a desire to maintain a strong medical district concentrated around Palomar Hospital.

At the time the commercial planned development was approved for the shopping center, the parking standard was established at 1 parking space per 200 SF, which is the same as the Zoning Code parking standard for medical/dental uses and shopping centers larger than three acres in size. This ratio is based on the overall amount of floor area in the shopping center and establishes the required number of parking spaces regardless whether an individual business would typically require more or less parking. Adding medical and dental uses as permitted uses would have no effect on the parking standard and would not require the addition of new parking spaces. Parking would still be based on the overall amount of floor area.

Both the Planning Commission and staff support the applicant's request to modify the Master Plan to add medical and dental as permitted uses in the commercial center. Medical and dental offices are now frequently located outside the Hospital Professional zone within established commercial areas. The future relocation of Palomar Hospital to the western side of the city could accelerate this pattern. Similarly, parking would not be affected by including these proposed uses because the Master Plan parking ratio is based on floor area and not individual uses.

Respectfully submitted,



Barbara J. Redlitz
Director of Community Development



Bill Martin
Principal Planner

PLANNING COMMISSION

Agenda Item No.: G.3
Date: May 24, 2011

TO: Planning Commission
FROM: Planning Staff
SUBJECT: PHG 11-0003 - Modification to a Commercial Planned Development to Amend the List of Permitted Uses

STAFF RECOMMENDATION:

Approve the proposed modification to the Master Development Plan for the Sports Authority shopping center (87-03-PD).

PROJECT DESCRIPTION:

A modification to the Master Development Plan for the Sports Authority shopping center (87-03-PD) to amend the list of permitted uses to allow medical and dental offices which currently are not permitted in this commercial center. No construction or physical changes to the site are proposed as part of this application.

LOCATION:

The 11.25-acre site is located on the western side of West Valley Parkway, between Auto Park Way and Ninth Avenue, addressed as 1346 – 1358 West Valley Parkway.

ENVIRONMENTAL REVIEW:

The proposal is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Section 15301 (Existing Facilities). A Notice of Exemption was issued on May 17, 2011.

BACKGROUND:

The existing commercial center is located at the entry to the Escondido Auto Park and was originally constructed in 1988 with Home Depot as the major tenant. The center also includes several in-line tenant shops attached to the major tenant building as well as three single-tenant and multi-tenant commercial pad buildings.

In the early 1990's, Home Depot moved into a larger building located in a new commercial center across Ninth Avenue to the south. The former Home Depot building was ultimately divided up and now serves three sub-major tenants including Sports Authority, Staples and BevMo. Ownership in the shopping center has also changed from a single owner to two owners. WGA EVC, Inc. owns the sub-major tenant building and the majority of parking spaces in the center. Escondido Valley Center 02, LLC owns all the in-line tenant spaces and pad buildings. Although ownership and tenants have changed over the years, permitted uses within the commercial center are still regulated by the original Master Plan 87-03-PD.

Last year the leasing agent representing the owner of the in-line tenant shops signed a lease with a local dentist to open a dental office in the shopping center. The dentist submitted building plans into the Building Division for tenant improvements to convert the space into a dental office. The Planning Division notified the Building Division that the plans could not be approved because dental offices were specifically listed in the Master Plan under "Uses Not Permitted." Litigation commenced between the dentist and the owner of the in-line shops regarding the terms of the lease. The Planning Division notified both parties that a modification to the Master Plan to amend the list of permitted uses would be required if either party wanted to pursue allowing dental offices in the commercial center. On February 7, 2011, the owner of the in-line tenant shops (Escondido Valley Center 02, LLC) submitted a request for a modification to allow medical and dental offices within the commercial center. The other property owner has also signed the application because the list of permitted uses covers the entire shopping center.

DISCUSSION:

At the time the commercial planned development was approved in 1987, conditions were included that specified the type of businesses allowed in the shopping center were to be consistent with the uses permitted in the CG (General Commercial) zone, except as further restricted by an attached exhibit. Exhibit 1 (attached) defined examples of auto-related uses that were and were not permitted within the shopping center, as well as office uses that were and were not permitted within the shopping center. Among the uses that specifically were listed as "Uses Not Permitted" were "Doctor's Offices," "Medical Offices," and "Dental Offices."

A total of 31 office-related uses were specifically excluded from the commercial planned development because they were determined to be professional uses wherein no physical product was involved or sold. The desire to allow some offices where products are sold led to the allowance of travel agencies and real estate offices, while offices that provided services like law offices and stock

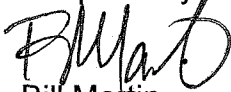
brokerages were prohibited. However, that distinction is somewhat unclear based on a review of the types of uses that are listed on the "Permitted" and "Not Permitted" lists. For example, mortgage company sales offices are permitted while mortgage company administrative offices are banned. Optometrists are permitted, but there is a prohibition on doctor's offices. The staff report prepared at the time the project was approved did not provide any analysis or reasons for allowing some office uses while not allowing others.

Medical and dental offices are prohibited in other commercial planned developments such as La Terraza, but that is generally due to the higher parking requirement for medical/dental versus administrative and professional offices. Parking for typical office uses is required at a ratio of 1 space per 300 SF. Medical and dental uses require 1 parking space per 200 SF. Office complexes constructed with parking at the 1:300 parking ratio therefore cannot accommodate medical or dental uses. Another potential reason why medical and dental uses may be banned in some commercial planned developments is that many were constructed in the 1980's during a period when there was a desire to maintain a strong medical district concentrated around Palomar Hospital.

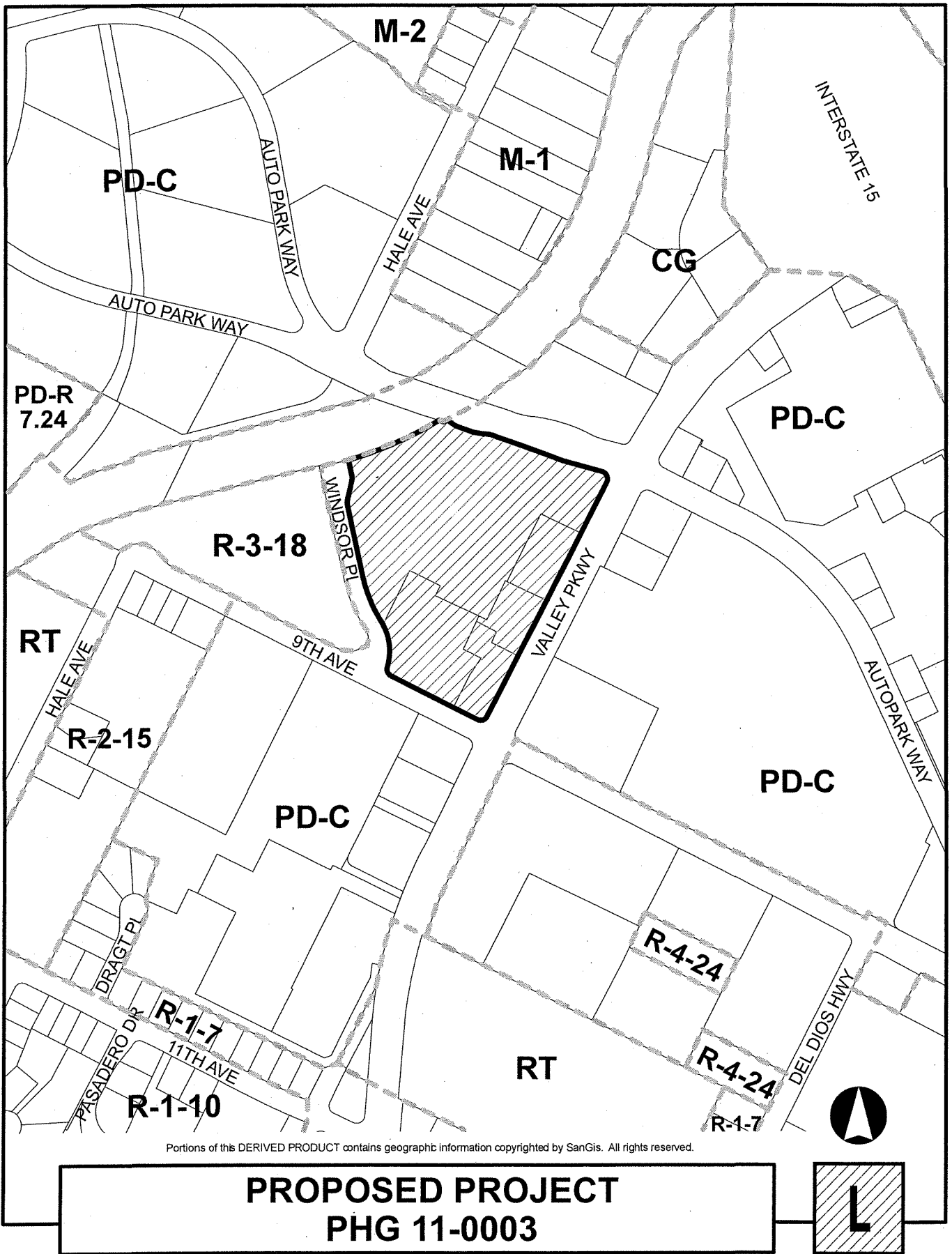
At the time the commercial planned development was approved for the shopping center, the parking standard was established at 1 parking space per 200 SF, which is the same as the Zoning Code parking standard for medical/dental uses and shopping centers larger than three acres in size. This ratio is based on the overall amount of floor area in the shopping center and establishes the required number of parking spaces regardless whether an individual business would typically require more or less parking. Adding medical and dental uses as permitted uses would have no effect on the parking standard and would not require the addition of new parking spaces. Parking would still be based on the overall amount of floor area.

Staff supports the applicant's request to modify the Master Plan to add medical and dental as permitted uses in the commercial center. Medical and dental offices are now frequently located outside the Hospital Professional zone within established commercial areas. The future relocation of Palomar Hospital to the western side of the city could accelerate this pattern. Similarly, parking would not be affected by including these proposed uses because the Master Plan parking ratio is based on floor area and not individual uses.

Respectfully submitted.

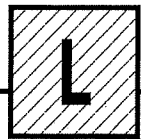


Bill Martin
Principal Planner

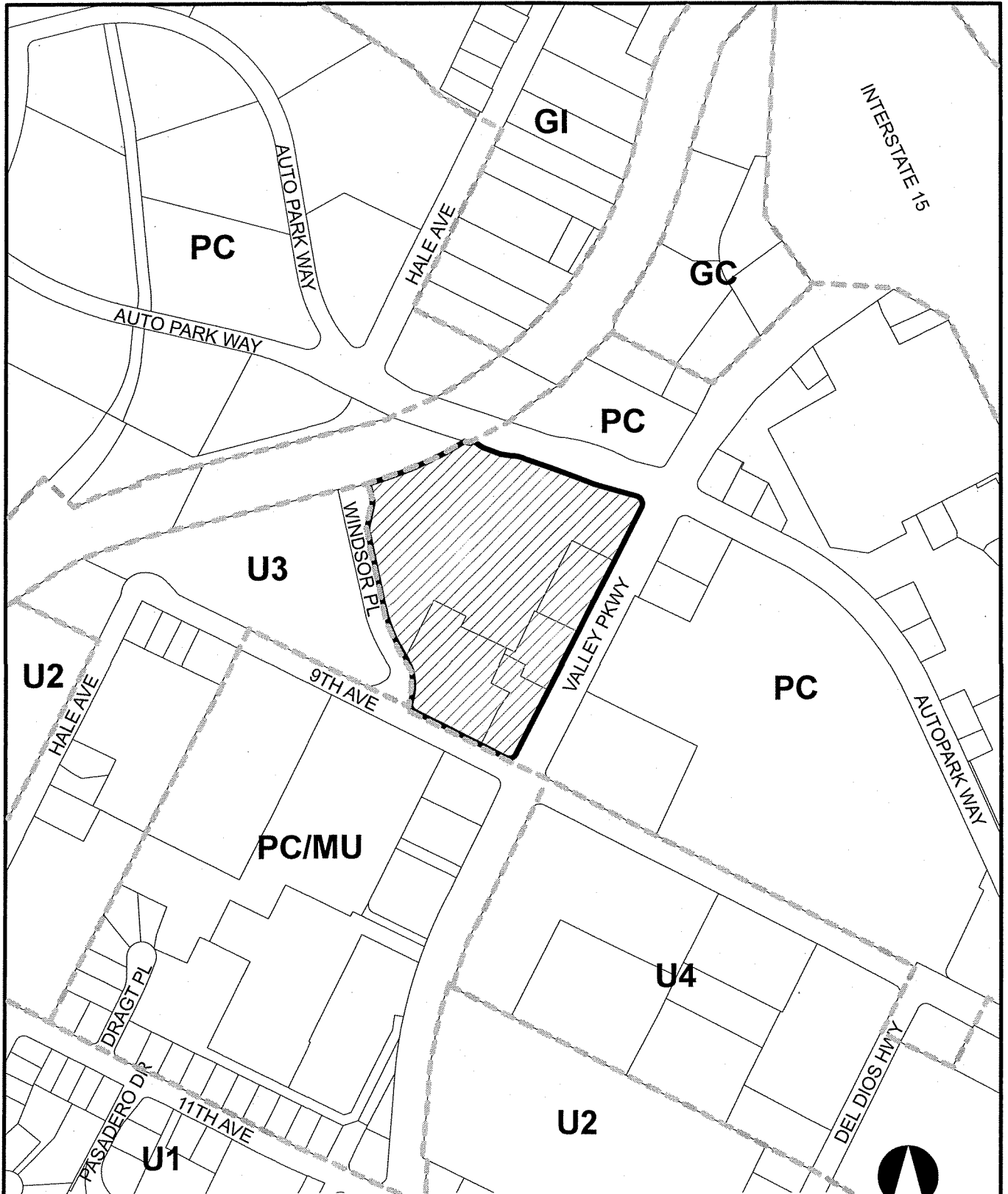


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**PROPOSED PROJECT
PHG 11-0003**



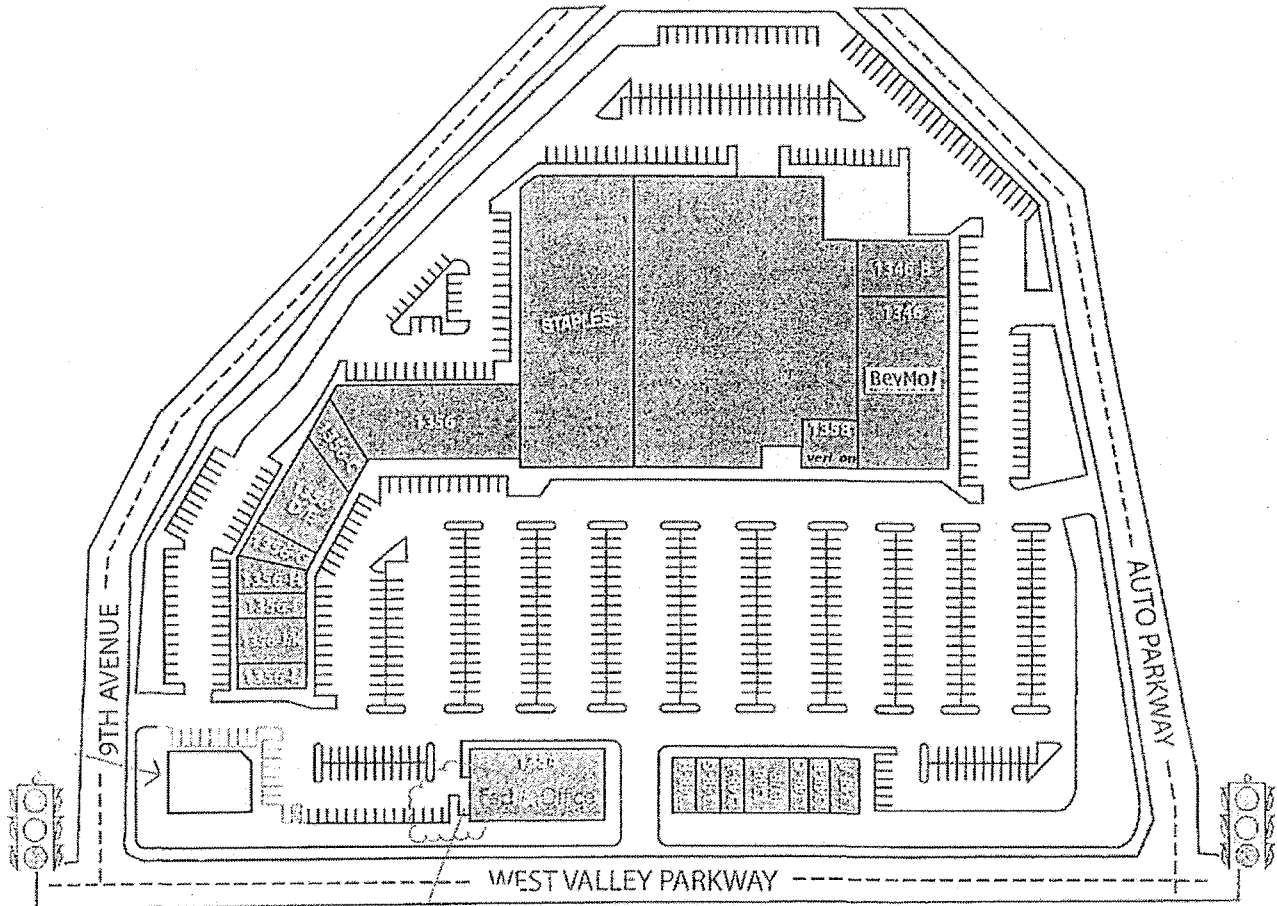
LOCATION/ZONING



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**PROPOSED PROJECT
PHG 11-0003**





OVERALL SHOPPING CENTER PLAN

**PROPOSED PROJECT
PHG 11-0003**



SITE PLAN

SUPPLEMENT TO STAFF REPORT/DETAILS OF REQUEST

A. SUPPLEMENTAL DETAILS OF REQUEST

1. Property Size: 11.25 acres
2. Building Size: 136,990 SF of total building area
3. Number of Businesses: The four buildings on the site are currently divided into 22 tenant spaces.
4. Parking: 668 parking spaces are provided for the shopping center where the Master Plan requires 659 spaces based on a 1:200 ratio for all uses (required parking also includes 7,790 SF of storage area in the Staples calculated at 1:600). No additional parking or change to parking standards would be needed to allow medical and dental uses.
5. List of Permitted Uses: **Delete** Doctor's Offices, Medical Offices and Dental Offices from "Uses Not Permitted."

Add Medical Offices and Dental Offices to "Permitted Uses."

**FINDINGS OF FACT
PHG 11-0003
EXHIBIT "A"**

Master Plan

1. Granting the modification to the List of Permitted Uses in the Master Development Plan to allow medical and dental offices in the commercial planned development would be in conformance with the City's General Plan land-use designation of Planned Commercial, which permits a wide variety of commercial uses (including offices) within the master planned commercial centers. The proposed project would be in conformance with General Plan Economic Policies (page II-23) which encourage economic activities that are clean and nonpolluting to expand or locate in Escondido; provide additional employment opportunities; reduce the need for Escondido residents to commute out of the area; maintain the City's fiscal stability; and are aesthetically superior. The proposed modification would not diminish the Quality-of-Life Standards of the General Plan as the proposal would not materially degrade the level of service on adjacent streets or public facilities, create excessive noise, and adequate on-site parking, circulation and public services are provided to the site.
2. The proposed location of the commercial shopping center is well integrated with its surroundings and the proposal to permit medical and dental offices in the shopping center would not result in a substantial alteration of the present or planned land use since the property is occupied by many commercial businesses that would not be affected by the proposed change.
3. The commercial center is adequately served by existing public facilities since sewer and water service is available from existing mains in the adjacent streets or easements, and the proposal would not adversely impact these facilities nor require significant upgrades to the existing infrastructure.
4. The overall design of the shopping center is conducive to medical and dental offices with convenient parking located in front of the tenant spaces and produces an attractive, efficient and stable environment for shopping or working. The design of the project would be unchanged and would remain consistent with the previously approved Master Plan. The proposal has been considered in relationship to its effect on the community, and the request would be in compliance with the General Plan Policies and would not result in a negative impact to adjacent neighborhood for the reasons stated above and detailed in the Planning Commission staff report.

5. The proposal is exempt from the requirements of the California Environmental Quality Act (CEQA) in conformance with Section 15301, "Existing Facilities" and a Notice of Exemption was prepared for the proposed project. In staff's opinion, the request does not have the potential for causing a significant effect on the environment due to the continued conformance with the commercial zoning designation and standards established for the site.

**CONDITIONS OF APPROVAL
PHG 11-0003
EXHIBIT "B"**

Planning Division Conditions

1. All conditions of the previous Master and Precise Development Plan 87-03-PD for the Sports Authority shopping center (old Home Depot site) and any subsequent modifications shall remain in full force and effect unless specifically modified herein.
2. This modification to the Master Development Plan 87-03-PD for the Sports Authority shopping center is limited to the following change to the Use Restrictions (Exhibit 1):

Delete Doctor's Offices, Medical Offices and Dental Offices from "Uses Not Permitted."

Add Medical Offices and Dental Offices to "Permitted Uses."
3. The legal description attached to the application has been provided by the applicant and neither the City of Escondido nor any of its employees assume responsibility for the accuracy of said legal description.
4. The City of Escondido hereby notifies the applicant that the County Clerk's office requires a documentary handling fee of \$50.00 in order to file a Notice of Exemption for the project (environmental determination for the project). In order to file the Notice of Exemption with the County Clerk, in conformance with the California Environmental Quality Act (CEQA) Section 15062, the applicant should remit to the City of Escondido Planning Division, within two working days of the final approval of the project (the final approval being the hearing date of the Planning Commission or City Council, if applicable), a certified check payable to the "County Clerk" in the amount of \$50.00. The filing of a Notice of Exemption and the posting with the County Clerk starts a 35 day statute of limitations period on legal challenges to the agency's decision that the project is exempt from CEQA. Failure to submit the required fee within the specific time noted above will result in the Notice of Exemption not being filed with the County Clerk, and a 180 day statute of limitations will apply.



CITY OF ESCONDIDO
PLANNING DIVISION
 201 NORTH BROADWAY
 ESCONDIDO, CA 92025-2798
 (760) 839-4671

Notice of Exemption

To: San Diego County Recorder's Office
 Attn: Linda Kesian
 P.O. Box 121750
 San Diego, CA 92112-1750

From: City of Escondido
 201 North Broadway
 Escondido, CA 92025

Project Title/Case No.: Modification to List of Permitted Uses in Sports Authority Shopping Center 87-03-PD (PHG 11-0003)

Project Location - Specific: The 11.25-acre site is located on the western side of West Valley Parkway, between Auto Park Way and Ninth Avenue, addressed as 1346 – 1358 West Valley Parkway.

Project Location - City: Escondido **Project Location - County:** San Diego

Description of Project:

A modification to the Master Development Plan for the Sports Authority shopping center (87-03-PD) to amend the list of permitted uses to allow medical and dental offices which currently are not permitted in this commercial center. No construction or physical changes to the site are proposed as part of this application.

Name of Public Agency Approving Project: City of Escondido

Name of Person or Agency Carrying Out Project:

Name ACF Property Management, Inc. – Cathy Samuelson Telephone (760) 839-6700
 Address 860 W. Valley Parkway, #190, Escondido, CA 92025

Private entity School district Local public agency State agency Other special district

Exempt Status:

Categorical Exemption. CEQA Section 15301 (Existing Facilities)

Reasons why project is exempt:

1. The proposed project is limited to modifying the list of permitted businesses allowed within an existing commercial shopping center. No physical changes are proposed to any existing structures on the property.
2. The project site has been completely disturbed and has no value as habitat for endangered, threatened or rare species.
3. The shopping center site is located in an established commercial area. The project would not result in any significant effects related to traffic, noise, air quality or water quality; and the site is adequately served by all required utilities and public services.
4. In staff's opinion the proposed development would not have the potential to cause an adverse impact on the environment. Therefore, the proposal is not subject to further CEQA review.

Lead Agency Contact Person: Bill Martin

Area Code/Telephone/Extension (760) 839-4557

Signature: _____

Bill Martin, Principal Planner

May 17, 2011

 Date

Signed by Lead Agency

Date received for filing at OPR:

" Automotive Relat " "

I. USES NOT PERMITTED

- Auto Glass Shop
- Auto Body/Repair Shop
- Auto Washing
- Auto Painting
- "Tire Store" (Firestone, Dorman's)
- Machine Shop
- Mechanic/Tune-Up Shop
- Transmission Repair
- Radiator Repair
- Alignment
- Frame and Axle Shop
- Engine Repair

Or any service, installation, or maintenance activities which would normally take place outside the store or require the vehicle to be driven into the store or an inside or outside service area.

II. USES PERMITTED

- Auto Parts Store (Maximum sales area of 2,500 square feet)
- Auto Parts as part of General Retail Sales
- Auto Stereo (No installation)
- Auto Seat Covers
- Auto Covers
- Off-Road, RV Accessories

Or any other uses which in the opinion of the Planning Director or Planning Commission are similar in character to the uses enumerated above and which are permitted in the CG Zone.

All activities to be totally within store. Careful, strict sign control to be used. No garage doors.

AUTO PARKWAY ASSOCIATION
ARCH. CONTROL COMMITTEE

BILL BRECHT/BMW
745-3000

~~CG~~ use * ~~not~~ restricted
hvac

USE RESTRICTIONS
EXHIBIT 1

1350 W. Valley Pkwy.
Homo 12 To East corner

(6)

" OFFICE USES "

II. PERMITTED USES

Travel Agency
Real Estate Office (Small as opposed to Coldwell Banker Regional)
Opticians'/Optometrists' Offices.
Insurance Agency (Small sales office)
Ticket Sales Office
Management Office for Center
Telephone Instrument/Accessory Sales Office
Tax Service Office (H&R Block type)
Finance/Mortgage Company Sales/Loan Office
Photographer
Secretarial Services
Escrow Company Office
Interior Decorator/Designer

Any similar use in which a product is sold or which the Planning Director may find to be similar to the above and consistent with the character of the center, clearly within the intent and purpose of the CG Zone.

These permitted uses are generally those uses wherein a product(s) is sold, oftentimes in conjunction with a service being performed, along with, and/or, incidental to the sale of the product (which could be real or personal property), as contrasted with those uses not permitted which are primarily purely professional uses wherein a product is usually not involved, or if it is, i.e., pills prescribed by a M.D., it is a very minor part of the service.

USE RESTRICTIONS
EXHIBIT I-a

"OFFICE USES "

I. USES NOT PERMITTED

Law Offices
Insurance Company Administrative Office
Doctors' Offices
Medical Offices
Dental Offices
Mortgage Company Administrative Offices
Title Company Administrative Office/Main Branch
Architects' Offices
Engineers' Offices
Employment Agency
Construction Company Office
Stock Brokerage Office
Bond Dealers
Credit Bureaus
Collection Services
Advertising Agency Office
Finance Company Administrative Offices
Government Offices
Newspaper Offices
Publishing Company Offices
Bank Administrative Offices (Not branch offices)
Telephone Company Administrative Offices
News Syndicate Offices
Detective/Protective Agency
Gas and Electric Company Office
Refuse Disposal Company Office
General Accountants' Offices
Bookkeeping offices
Data Processing Service Bureau
Post Office
Express Company Branch Office

Or any other use which, in the opinion of the Planning Director or Planning Commission are similar to the uses enumerated in this section, " Uses Not Permitted ".

USE RESTRICTIONS
EXHIBIT 1-b

RESOLUTION NO. 2011-76

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING A MODIFICATION TO A
MASTER DEVELOPMENT PLAN TO AMEND
THE LIST OF PERMITTED USES FOR THE
SPORTS AUTHORITY SHOPPING CENTER
TO ALLOW MEDICAL AND DENTAL OFFICES

Case No. PHG 11-0003

WHEREAS, pursuant to Article 19 of the Escondido Zoning Code, the Planning Commission of the City of Escondido did, on May 24, 2011, consider and by Resolution No. 5921 recommend approval of the aforesaid application for a modification to a Master Development Plan (87-03-PD) to amend the list of permitted uses to allow medical and dental offices which currently are not permitted in this commercial center on a 11.25-acre site located on the western side of West Valley Parkway, between Auto Park Way and Ninth Avenue, addressed as 1346 – 1358 West Valley Parkway; and

WHEREAS, the applicant for the proposed change to the list of permitted uses now seeks approval of the modification to the Master Development Plan by the City Council; and

WHEREAS, this City Council desires to approve said request;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the City Council has reviewed and considered the Notice of Exemption prepared for this project and has determined that all environmental issues associated with the project have been addressed and no significant environmental impacts will result from approving this project.

3. That upon consideration of the Notice of Exemption, all material in the staff report (a copy of which is on file in the Planning Division), public testimony presented at the hearing, and all other oral and written evidence on this project, this City Council approves the modification to the Master Development Plan No. PHG 11-0003 on the 11.25-acre property as described in Exhibit "A," and subject to the conditions of approval set forth in Exhibit "B." Exhibits "A" and "B" are attached to this Resolution and incorporated by this reference.

Resolution No. 2011-76
Exhibit A
Page 1 of 1

LEGAL DESCRIPTION
PHG 11-0003

Parcels 1,2,3,4 and 5 of Parcel Map 14956, in the City of Escondido, County of San Diego, State of California, filed in the Office of the County Recorder of San Diego County, September 3, 1987 as File No. 87-501069 of Official Records.

CONDITIONS OF APPROVAL

PHG 11-0003

Planning Division Conditions

1. All conditions of the previous Master and Precise Development Plan 87-03-PD for the Sports Authority shopping center (old Home Depot site) and any subsequent modifications shall remain in full force and effect unless specifically modified herein.
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**COMMUNITY DEVELOPMENT
COMMISSION**

For City Clerk's Use:

APPROVED DENIED

Reso No. CDC _____ file No. _____

Ord No. CDC _____

Agenda Item No.: 20

Date: June 22, 2011

TO: Chair and Commissioners

FROM: Jerry Van Leeuwen, Director of Community Services

SUBJECT: Budget Allocation Recommendations for FY 2011-2012 Housing Set-Aside Funds

RECOMMENDATION:

Approval of the FY 2011-2012 Housing Set-Aside Funds Budget and adoption of CDC Resolution 2011-05.

Staff requests additional direction on the creation of a HOME-FR program regarding eligible City employees.

FISCAL ANALYSIS:

Under the Community Redevelopment Law, at least 20% of collected redevelopment funds are set aside and held in a low- and moderate-income housing fund. All interest or revenue generated by the fund accrues to the fund. In addition, repayments of loans originally funded from Housing Set-Aside Funds are returned to the fund. By law, these funds must be used to increase and improve the supply of low- and moderate-income housing within Escondido.

State law provides that the agency may exercise any and all of its powers to provide low- and moderate-income housing, including the acquisition of land or buildings, the provisions of subsidies to eligible persons or families, and the payment of principal and interest on bonds, loans and advances to finance or carry out its charges. The use of these housing funds assists the City in meeting its housing goals under three major policy documents: the Housing Element of the City's General Plan; the Implementation Plan for the Escondido Redevelopment Area; and the Consolidated Plan (a federally required document).

When possible, the Housing Set-Aside Funds are used as leverage for other public and private financing. By loaning rather than granting the funds, the City anticipates loan payoffs from the First-time Homebuyer Program, the Rehabilitation Loan Program, and other special project loans that accrue to the fund and may be reused for new loans or programs.

GENERAL PLAN ANALYSIS:

The proposed program budget is consistent with the City's adopted Housing Element. The fund expenditures assist the City in the creation of new housing opportunities through conservation, preservation, rehabilitation and construction of housing units.

BACKGROUND:

The needs assessment conducted for the City's Consolidated Plan (approved in May of 2010) demonstrated that the housing assistance needs of Escondido households far exceeded the resources that are projected to be available during the five years (2010-2015) covered by the Consolidated Plan. Thus, priorities have been established in the City's Consolidated Plan.

The assessment identified a number of significant findings related to the housing assistance needs of lower-income residents of Escondido. Analysis of housing data contained in the 2000 Census data, as well as more recent data from SANDAG and the State Department of Finance, produced priorities that were approved by the City Council when the Consolidated Plan was adopted. Priorities include increasing home ownership opportunities, conserving the supply of existing ownership housing, expanding the supply of affordable rental housing, promoting neighborhood stability by increasing length of tenure of rental households, increasing the supply of well-designed multi-family units, and expanding the supply of three- and four-bedroom units for low-income families.

The Housing Set-Aside Funds, along with the City's federal sources of funding, Home Investment Partnerships (HOME) Program and Community Development Block Grant (CDBG) have been instrumental in producing a portion of the needed affordable housing units. In addition, other private, foundation and non-profit funds are leveraged to fulfill the City's housing needs.

As required by the State Health and Safety Code, an agency is required to adopt an annual budget containing all of the following specific information, including all activities to be financed by the Low and Moderate Income Housing Fund established pursuant to Health and Safety Code Section 33334.3:

- (a) The proposed expenditures of the agency.
- (b) The proposed indebtedness to be incurred by the agency.
- (c) The anticipated revenues of the agency.
- (d) The work program for the coming year, including goals.
- (e) An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

As recommended, the 2011-2012 Housing Set-Aside Budget with the required components, pursuant to the Health and Safety Code, is detailed on page 5.

It should also be noted that the Health and Safety Code Section 33334.3, paragraph (d) requires that the Community Development Commission make an annual determination that the planning and administration expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing. The 2011-2012 budget contains a series of prior and current projects and programs related to the provision of low- and moderate-income housing in amounts as follows:

Prior Obligations:

Cal HFA Loan P&I set-aside yr. 9 of 10 (Via Roble Reserve)	\$240,500
Cal HFA Loan P&I set-aside yr. 7 of 10 (Brotherton Sq. Reserve)	\$182,000
Cal HFA Loan P&I set-aside yr. 5 of 10 (Las Ventanas Reserve)	\$162,500
Cal HFA Loan P&I set-aside yr. 5 of 10 (Juniper Senior Reserve)	\$108,445
NSP Reimbursement	\$786,000

Current Year (2011-12) Obligations

Administration and Program Oversight	\$1,184,525
2010 Reservation of funds for redevelopment projects (El Norte Apartments)	\$350,000
Reservation of funds for redevelopment projects (El Norte Apartments)	\$1,111,030

Ongoing Programs:

Owner-Occupied Rehabilitation	\$600,000
First-Time Homebuyer	\$700,000
Mobile Home Rental Subsidy	\$130,000
Apartment Rental Subsidy	\$170,000
Contingency	--
MCC Contract Administration	\$ 5,000

The budget includes the allocation of funds for administration, loan payment reserves, various established ongoing programs and the reservation of funds for special projects approved by the CDC. The two reservations of funds above comprise one development project; the first reservation was approved on August 18, 2010, for predevelopment costs associated with the 36-unit El Norte Apartments; the second reservation is a two-year commitment of Housing Set-aside funds approved by the CDC on March 16, 2011, for El Norte Apartments development costs to leverage potential tax credit funding.

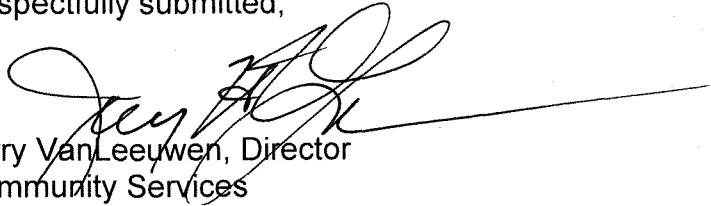
Federal stimulus funds under the Neighborhood Stabilization Program (NSP) have been used since fiscal year 2009-2010 to purchase abandoned or previously developed properties for future affordable housing units. Four properties have been purchased with these funds. Two properties, at 1282 N Broadway and 537 E Elm, are integral parts of current projects anticipated to provide 36 rental units and 14 home ownership units for low-income households. Two properties, at 3rd Avenue and Pine/2nd Avenue in the Mercado District were purchased with the intention of working with a non-profit to develop a third project. Redevelopment of these properties will not be possible within the NSP timeline. CDC funds will be used to repay the NSP obligation; the properties will be held by the CDC for future affordable housing redevelopment.

Additionally, in order to properly manage the various projects and programs above, and special projects yet to be determined, Staff recommends to the Community Development Commission that the Commission find it necessary to appropriate \$1,184,525 for the purpose of providing administrative, management and oversight of the housing programs and projects, and the administration and monitoring of the existing loan portfolio. The management of all the projects and programs involves not only oversight of current activity and loans but significant monitoring, management and reporting of prior activity and loans within the portfolio of each program.

CONCLUSION AND RECOMMENDATIONS:

Staff recommends approval of the Housing Set-Aside Budget and continuance of the First-Time Homebuyer Program, the Rehabilitation Loan Program, the Senior Rental Subsidy Programs and the Mortgage Credit Certificate (MCC) Program at the recommended funding levels as indicated on page 5 of this staff report and in the following narrative regarding the programs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jerry Van Leeuwen", with a long horizontal line extending to the right.

Jerry Van Leeuwen, Director
Community Services

PROPOSED FY 2011-2012 HOUSING SET-ASIDE BUDGET		
Estimated Carry Forward Balance:		\$ 780,000
Sources of Fiscal 2011-12 Revenue:		
Tax Increment	\$ 4,750,000	
Interest	75,000	
Repayments	125,000	
Lot Sales		
2010-2011 Contingency Balance		
<i>FY 2011-12 Total Sources</i>	4,950,000	
TOTAL FUNDS AVAILABLE:		\$ 5,730,000
Use of Funds		
Prior Obligations:		
Cal HFA Loan P & I (Via Roble Yr 9 of 10 - Reserve)	\$ 240,500	
Cal HFA Loan P & I (Brotherton Sq. Yr 7 of 10 - Reserve)	182,000	
Cal HFA Loan P & I (Las Ventanas Yr 5 of 10 - Reserve)	162,500	
Cal HFA Loan P & I (SoCal Sr Hsg Yr 5 of 10 - Reserve)	108,445	
NSP Reimbursement	786,000	
Current Year (2011-12) Obligations:		
Administration	1,184,525	
Reservation for Redevelopment Projects ¹	350,000	
Reservation for Redevelopment Projects ²	1,111,030	
Total prior and current year obligations	\$ 4,125,000	
<i>FY 2011-12 Available Balance :</i>	1,605,000	
Proposed Uses of 2011-12 Available Funds		
Proposed:		
Owner-Occupied Rehabilitation ³	\$ 600,000	
First-Time Homebuyer ⁴	700,000	
Mobilehome Rental Subsidy ⁵	130,000	
Senior Apartment Rental Subsidy ⁶	170,000	
Contingency ⁷	-	
MCC Contract Administration	5,000	
Total Programs	1,605,000	
<i>Reserved for future RFP:</i>	0	
TOTAL FUNDS USED:		\$ 5,730,000

¹ Committed to Community Housing Works for NSP property (Broadway) approved by CDC on August 18, 2010

² Additional commitment of \$1.9M to Community Housing Works for NSP property (Broadway) approved by CDC on March 16, 2011

³ Maximum income 80% of median. assumes approx. 7 single family rehabilitation loans @ \$40,000, 13 mobilehome loans @ \$20,000 two single family roof loans @ \$15,000 and three mobilehome roof loans @ \$10,000

⁴ Estimated 28 loans @ the maximum purchase price of \$25,000 for persons @ 81-120% of median income

⁵ Maximum income 50% of median. assumes flat \$75 subsidy for approximately 150 low-income seniors or disabled persons living in mobilehomes a with carry forward of \$10,000 from fiscal year 2010-2011

⁶ Maximum income 50% of median. assumes flat \$100 subsidy for approximately 145 low-income seniors or disabled persons living in senior apartments complexes with carry forward of \$10,000 from fiscal year 2010-2011

⁷ Allow for additional roof loans, rehab loans or first-time homebuyer loans if demand is more than estimated goals

ADDITIONAL FY 2011-2012 HOUSING RESOURCES

<u>Federal Rental Assistance</u>	
Section 8 - Serving approximately 1,142 households	\$9,074,908
Homeless Prevention and Rapid Re-Housing Grant	\$ 89,379 ¹
<u>Supportive Housing Program Grants</u>	\$973,277
(Estimated Federal funds to be received by local non-profits in the City of Escondido)	
<u>Community Development Block Grant (CDBG)</u>	
Fair Housing Services	\$10,000
Regional Winter Shelter	\$33,300
NSP Remaining Balance as of 5/31/11	\$0
<u>Loan Application & Lender Fees</u>	
Estimated First-time Homebuyer Program Lender Participation and applicant fees. (These funds are used to help support the Fair Housing Association.)	\$5,000
<u>Federal HOME Funds 2011</u>	
HOME Allocation	\$816,169
Anticipated Program Income	\$240,831
Interest Income	\$5,000

¹ Remaining balance as of 5/31/11

SUMMARY OF HOUSING PROGRAMS PROPOSED FOR FUNDING FROM HOUSING REDEVELOPMENT REVENUES

Owner-Occupied Housing Rehabilitation

Program Description:

The Housing Rehabilitation Loan Program assists owner-occupants of both single-family homes and mobile homes. The program provides low- or no-interest loans that allow owners to make needed repairs and improvements to their homes. The program offers a no-interest, deferred payment loan to mobile home owners and a 3% simple interest deferred loan to single-family homeowners. In all cases, repayment of the rehabilitation loan is due when the property is sold or refinanced, upon change of title, or if the property is no longer owner-occupied by the rehabilitation loan recipient.

Currently, the program offers loans up to \$20,000 to mobile home owners with income at or below 80% of the area median income (AMI) and loans up to \$40,000 to single-family homeowners with income at or below 80% of AMI. An additional \$15,000 is available to those single-family home applicants who require connection to the local sewer system.

The roof only repair program offers a \$10,000 loan to low-income owners of mobile homes and a \$15,000 loan for roof repairs to single-family homeowners who earn less than 80% AMI. The loan may also cover exterior repairs to mobile homes when the park management has indicated the homeowner must comply with park covenants and restrictions by completing certain exterior repair items such as repairs to steps, skirting and flashing. The purpose of the program is to streamline a major component to the Rehabilitation Program (roof repair) when an applicant only requires exterior repairs. If a recipient needed to apply for additional assistance from the Rehabilitation Loan Program, total assistance may not exceed \$20,000 for mobile home loans and \$40,000 for single-family home loans.

As of May 31, 2011, 21 loans were funded for a total amount of \$449,191. Due diligence is underway on an additional seven loans. Eighteen of these funded loans were issued to mobile home owners and three loans were issued to owners of single-family residences. No loans exclusively for roof repair or replacement were issued during the current 2010-11 fiscal year.

Proposed Funding Level for FY 2010-2011:

A total of \$600,000 is recommended for the program. This amount of funding will be sufficient for approximately seven single-family rehabilitation loans at \$40,000, 13 mobile home loans at \$20,000, two single-family roof loans up to \$15,000, and three mobile home roof loans up to \$10,000.

On January 24, 2001, the CDC approved a program for lead-based paint testing and hazard reduction in pre-1978 housing. The grant program was designed to work in conjunction with the Housing Rehabilitation Loan Program.

Since that time, staff has collected data to determine that an estimated amount of \$25,000 should be reserved for grants for lead-based paint testing and hazard reduction when required. This amount is reserved in the Housing operating budget.

As of May 31, 2011, grants of \$5,930 has been expended for testing (\$1,230) and remediation (\$4,700) of lead-based paint.

Mobile Home Park Conversion

Program Description:

In past years, the City of Escondido assisted three mobile home parks in the process of conversion to resident ownership. This program works in combination with the State Mobile Home Park Resident Ownership Program (MPROP) in order to maintain a stable housing cost level in mobile home parks. The City also assists those who wish to acquire mobile home parks for conversion to resident ownership by providing technical assistance and information. The City has an adopted mobile home conversion policy and application form that is available upon request.

In early 1991, the City purchased two mobile home parks, the Escondido Views Mobile Home Park and the Mountain Shadows Mobile Home Park, for the purpose of assisting the residents in converting their parks to resident ownership. The sale of lots to their respective residents began in FY 1991-1992. By summer of 1995, a majority of the lots were sold in both the Escondido Views and Mountain Shadows mobile home parks.

As of May 31, 2011, 178 of the 209 lots (85%) in Mountain Shadows had been sold and 144 of the 152 lots (95%) in Escondido Views had been sold. Residents who did not wish to purchase their lots continue to rent their spaces from the City. During fiscal year 2010-2011 no lots in either park were sold, although six unoccupied lots are currently listed for sale.

Proposed Program Revisions:

No revisions are recommended at this time.

Proposed Funding Level for FY 2011-2012:

Previously, sales of the lots have been directed to the payment of the bond that financed the purchase of the parks. At the March 1, 2007 bond call, the remaining balance of the bond and accrued interest was paid. Revenue received from all future sales of the remaining 39 lots will accrue to the housing fund.

Therefore, no funding is required for 2011-2012, as the rental income on the lots is expected to cover any administration and maintenance costs on the remaining lots that are managed by the Housing Division.

Mobile Home Rent Subsidy Program

Program Description:

In the spring of 1999, the Escondido City Council adopted a mobile home rent subsidy program for seniors and persons with disabilities. Eligible mobile home recipients receive a \$75 rent reduction each month from the City via payments made on their behalf to the mobile home park. The resident income limit for the Mobile Home Rent Subsidy Program cannot exceed 50% of AMI. Recipients are required to show application to HUD for Section 8 rental assistance. Once they receive Section 8 benefits, they are no longer eligible for the City assistance.

Approximately 145 residents are now being served by the program in the 14 mobile home parks that are currently participating in the program. Currently, this program has a short list of eligible households for this program. It is anticipated that in the upcoming year the number of households that will be assisted will be approximately 150 per month.

Proposed Funding Level for FY 2010-2011:

To assist an average of 150 residents monthly, \$130,000 is recommended toward program funding and deemed adequate. This budget is consistent with FY 2010-11 funding levels.

Apartment Rent Subsidy Program

Program Description:

In December 2001, the Escondido City Council approved a rent subsidy program for seniors and persons with disabilities renting apartments. This program is modeled after the City's Mobile Home Rent Subsidy program with the exception that households receive \$100 toward their rent each month instead of \$75.

Approximately 145 eligible households are assisted each month from the eight senior apartment complexes that have signed the Master Contract with the City. There is currently a 6-month list of eligible households for this program. Recipients must earn less than 50% of area median income and

are required to show application to HUD for Section 8 rental assistance. Once accepted onto the Section 8 program, they are no longer eligible for the City's program.

Proposed Program Revisions and Funding Level for FY 2010-2011:

To assist an average of 145 residents monthly, \$170,000 is recommended toward program funding and deemed adequate. This budget is consistent with FY 2010-11 funding levels.

HOME OWNERSHIP MADE EASY (HOME)
HOMEOWNERSHIP DOWN PAYMENT/CLOSING COST ASSISTANCE PROGRAM

Program Description:

This program provides loans of up to \$25,000 for down payment and/or closing cost assistance to eligible first-time homebuyers with income between 80% and 120% of area median income (AMI). The program mirrors the federally funded HELP program that assists first-time buyers with income at or below 80% of AMI. As of May 31, 2011, 45 loans had been issued.

The Housing Division is developing a new program leveraging the success of the HOME Homeownership Down Payment/Closing Cost Assistance Program: HOME-FR (Home Ownership Made Easy – First Responder). This program is intended to help first responders become first-time homebuyers in the City of Escondido to allow faster response to all types of City emergencies. The program will use the general policies and process of the existing HOME program and will leverage the City's current relationships with approved lenders now using the HOME program and affordable housing providers to promote the program.

Proposed Funding Level for FY 2010-2011:

The funding recommendation is \$700,000 for the first-time homebuyer program. The first-time homebuyer loans will continue to be issued for the lesser amount of either 5% of the purchase price or a maximum amount of \$25,000. This recommendation allows for a minimum of 62 loans @ 5% of purchase price, average loan of \$12,615. The maximum sales price limit is \$362,790. Applications currently being received range from \$200,000 to \$350,000.

HOME - Local Matching Funds

Program Description:

The City receives HOME funds directly from the Federal Department of Housing and Urban Development (HUD) as a Participating Jurisdiction (PJ). HUD requires 25% local matching funds in order for the City to be eligible to receive HOME funds. The City has greatly exceeded these requirements in past years by leveraging the City's contribution to projects receiving HOME funds and by supporting Tax Credit applications for individual developers.

Proposed Program Revisions:

No revisions are recommended at this time.

Mortgage Credit Certificates

Program Description:

This program involves the cooperation of the City, local lenders and real estate companies in a partnership to provide affordable ownership opportunities to low- and moderate-income first-time homebuyers. Homeownership opportunities are increased when homebuyers receive a Mortgage Credit Certificate (MCC). The MCC reduces the homebuyer's federal income taxes, which results in an increase in the buyer's net earnings. Lenders then consider this increase when underwriting the buyer for a mortgage loan.

Escondido is a participating city in the San Diego County Regional MCC Program. An independent firm, under a contract with San Diego County, administers the MCC program. Each participating city pays the administration costs specifically related to the average mortgage costs and the number of MCCs issued in its jurisdiction.

As of December 2010, four MCCs have been issued in FY 2010-2011 (statistics for the second half of the fiscal year will not be available until August).

Proposed Funding Level for FY 2010-2011:

An allocation of \$5,000 that pays for the administration of the Mortgage Credit Certificate Program is recommended. No revisions are recommended at this time.

COMMUNITY REDEVELOPMENT LAW OF CALIFORNIA
Summary of Affordability Guidelines
Monthly Housing Payment (Ownership) Restrictions

EFFECTIVE JULY 2010 *Subject to Revision*			MAXIMUM UNIT PRICE ^{3,4}
LOW-RISE STACKED-FLAT CONDOMINIUMS			
# of BEDROOMS	LOWER INCOME (51-80% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 30% OF 70% of 100% (HUD)
0	1 PERSON	44,000	90,000.00
1	2 PERSON	50,250	98,000.00
2	3 PERSON	56,550	106,000.00
3	4 PERSON	62,800	116,000.00
4	5 PERSON	67,850	122,000.00
TOWNHOMES/SINGLE-FAMILY HOMES			
# of BEDROOMS	LOWER INCOME (51-80% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 30% OF 70% of 100% (HUD)
0	1 PERSON	44,000	106,000.00
1	2 PERSON	50,250	117,000.00
2	3 PERSON	56,550	128,000.00
3	4 PERSON	62,800	140,000.00
4	5 PERSON	67,850	144,000.00
CDC HAS THE OPTION TO REQUIRE 30% OF ACTUAL ANNUAL INCOME		LOW-RISE STACKED-FLAT CONDOMINIUMS	
# of BEDROOMS	MODERATE INCOME (81-120% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 35% OF 110% of 100% (HCD)
0	1 PERSON	63,400	203,000.00
1	2 PERSON	72,500	227,000.00
2	3 PERSON	81,550	251,000.00
3	4 PERSON	90,600	277,000.00
4	5 PERSON	97,850	296,000.00
CDC HAS THE OPTION TO REQUIRE 30% OF ACTUAL ANNUAL INCOME		TOWNHOMES/SINGLE-FAMILY HOMES	
# of BEDROOMS	MODERATE INCOME (81-120% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 35% OF 110% of 100% (HCD)
0	1 PERSON	63,400	219,000.00
1	2 PERSON	72,500	246,000.00
2	3 PERSON	81,550	272,000.00
3	4 PERSON	90,600	301,000.00
4	5 PERSON	97,850	318,000.00

³ Gross housing payment includes an estimate of the following costs for the upcoming twelve months:

- Principal and interest payment on the mortgage loan, including rehabilitation loans
- Mortgage loan insurance fees
- Property taxes and assessments
- Fire and casualty insurance
- Property maintenance and repairs
- A reasonable allowance for utilities (including garbage collection, sewer, water, electricity, gas, and other fuels but not telephone service). Such an allowance shall take into consideration the cost of an adequate level of service
- Developer must submit schedule of utility allowances with methodology to Housing Division for review and approval
- Homeowner association fees
- Space rent, if the housing unit is on rented land

⁴ Gross maximum payments are based on the number of bedrooms in a unit, not household size.

COMMUNITY REDEVELOPMENT LAW OF CALIFORNIA
Summary of Affordability Guidelines
Monthly Housing Rental Restrictions

EFFECTIVE JULY 2010 *Subject to Revision*			GROSS MAXIMUM HOUSING PAYMENTS ^{1, 2}
# of BEDROOMS	EXTREMELY LOW INCOME (BELOW 40% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 30% OF 40% of 100% (HUD)
0	1 PERSON	22,000	550.00
1	2 PERSON	25,120	589.00
2	3 PERSON	28,280	707.00
3	4 PERSON	31,400	816.00
4	5 PERSON	33,920	911.00
# of BEDROOMS	VERY LOW INCOME (BELOW 50% of MEDIAN)	36440	FORMULA 30% OF 50% of 100% (HUD)
0	1 PERSON	27,500	661.00
1	2 PERSON	31,400	755.00
2	3 PERSON	35,350	849.00
3	4 PERSON	39,250	944.00
4	5 PERSON	42,400	1,019.00
# of BEDROOMS	LOWER INCOME (51-80% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 30% OF 60% of 100% (HUD)
0	1 PERSON	44,000	793.00
1	2 PERSON	50,250	906.00
2	3 PERSON	56,550	1,019.00
3	4 PERSON	62,800	1,133.00
4	5 PERSON	67,850	1,223.00
# of BEDROOMS	MODERATE INCOME (81-120% of MEDIAN)	MAXIMUM YEARLY HOUSEHOLD INCOME	FORMULA 30% OF 110%
0	1 PERSON	63,400	1,453.00
1	2 PERSON	72,500	1,661.00
2	3 PERSON	81,550	1,869.00
3	4 PERSON	90,600	2,076.00
4	5 PERSON	97,850	2,243.00

¹ Gross rent includes the total of monthly payments for all of the following:

- Use and occupancy of a housing unit and land and facilities associated herewith
- Any separately charged fees or services charges assessed by the lessor which are required of all tenants other than security deposits
- A reasonable allowance for utilities (including garbage collection, sewer, water, electricity, gas, and other fuels, but not telephone service). Such an allowance shall take into consideration the cost of an adequate level of service.
- Developer must submit schedule of utility allowances with methodology to Housing Division for review and approval.
- Possessory interest taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the lessor.

² Gross maximum rents are based on the number of bedrooms in a unit, not household size.

RESOLUTION NO. CDC 2011-05

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION ADOPTING THE HOUSING SET-ASIDE PROGRAM BUDGET FOR FISCAL YEAR 2011-2012 AND DETERMINING THAT THE PLANNING AND ADMINISTRATIVE EXPENSES ARE NECESSARY FOR THE PRODUCTION, IMPROVEMENT AND/OR PRESERVATION OF LOW- AND MODERATE-INCOME HOUSING

WHEREAS, Health and Safety Code section 33606 requires the Community Development Commission ("Agency") to adopt an annual budget containing all of the following information, including all activities to be financed by the Low- and Moderate-Income Housing Fund: (a) the proposed expenditures of the Agency; (b) the proposed indebtedness to be incurred by the Agency; (c) the anticipated revenues of the Agency; (d) the work program for the coming year, including goals; and (e) an examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program; and

WHEREAS, Health and Safety Code section 33334.3(d) requires that the Agency determine annually that the planning and administrative expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing; and

WHEREAS, the Community Development Commission (CDC) desires at this time and deems it to be in the best public interest to approve the Budget, attached as Exhibit "A" and incorporated by this reference;

NOW, THEREFORE, BE IT RESOLVED by the Community Development Commission of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the budget for Housing Programs and the administration of the programs for the period July 1, 2011, through June 30, 2012, inclusive, contained in the FY 2011-12 Budget Documents, attached as Exhibit "A," are adopted as the final budget for the 2011-2012 fiscal year.
3. That the budget includes the proposed expenditures of the Agency, and the proposed indebtedness to be incurred by the Agency, as well as, anticipated revenues of the Agency.
4. That the budget also includes the work program for the coming year, including goals, an examination of the previous years' achievements, and a comparison of the achievements with the goals of the previous years' work program which is also detailed in the Annual Housing Report and Annual Performance Report.
5. That the amount designated for each activity and each fund in the budget are hereby appropriated to the Housing Redevelopment Set-Aside Program funds for which it is designated, subject to amendments from time to time as determined by the Community Development Commission. All expenditures and indebtedness of the Agency shall be in conformity with the adopted or amended budget.
6. That the planning and administration expenses set forth in the budget are necessary for the production, improvement, or preservation of low- and moderate-income housing.

Exhibit A

PROPOSED FY 2011-2012 HOUSING SET-ASIDE BUDGET		
Estimated Carry Forward Balance:		\$ 780,000
Sources of Fiscal 2011-12 Revenue:		
Tax Increment	\$ 4,750,000	
Interest	75,000	
Repayments	125,000	
Lot Sales		
2010-2011 Contingency Balance		
FY 2011-12 Total Sources	4,950,000	
TOTAL FUNDS AVAILABLE:		\$ 5,730,000
Use of Funds		
Prior Obligations:		
Cal HFA Loan P & I (Via Roble Yr 9 of 10 - Reserve)	\$ 240,500	
Cal HFA Loan P & I (Brotherton Sq. Yr 7 of 10 - Reserve)	182,000	
Cal HFA Loan P & I (Las Ventanas Yr 5 of 10 - Reserve)	162,500	
Cal HFA Loan P & I (SoCal Sr Hsg Yr 5 of 10 - Reserve)	108,445	
NSP Reimbursement	786,000	
Current Year (2011-12) Obligations:		
Administration	1,184,525	
Reservation for Redevelopment Projects ¹	350,000	
Reservation for Redevelopment Projects ²	1,111,030	
Total prior and current year obligations	\$ 4,125,000	
FY 2011-12 Available Balance :	1,605,000	
Proposed Uses of 2011-12 Available Funds		
Proposed:		
Owner-Occupied Rehabilitation ³	\$ 600,000	
First-Time Homebuyer ⁴	700,000	
Mobilehome Rental Subsidy ⁵	130,000	
Senior Apartment Rental Subsidy ⁶	170,000	
Contingency ⁷	-	
MCC Contract Administration	5,000	
Total Programs	1,605,000	
Reserved for future RFP:	0	
TOTAL FUNDS USED:		\$ 5,730,000

¹ Committed to Community Housing Works for NSP property (Broadway) approved by CDC on August 18, 2010
² Additional commitment of \$1.9M to Community Housing Works for NSP property (Broadway) approved by CDC on March 16, 2011
³ Maximum income 80% of median. assumes approx. 7 single family rehabilitation loans @ \$40,000. 13 mobilehome loans @ \$20,000 two single family roof loans @ \$15,000 and three mobilehome roof loans @ \$10,000
⁴ Estimated 28 loans @ the maximum purchase price of \$25,000 for persons @ 81-120% of median income
⁵ Maximum income 50% of median. assumes flat \$75 subsidy for approximately 150 low-income seniors or disabled persons living in mobilehomes with carry forward of \$10,000 from fiscal year 2010-2011
⁶ Maximum income 50% of median. assumes flat \$100 subsidy for approximately 145 low-income seniors or disabled persons living in senior apartments complexes with carry forward of \$10,000 from fiscal year 2010-2011
⁷ Allow for additional roof loans, rehab loans or first-time homebuyer loans if demand is more than estimated goals

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 21

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Jerry Van Leeuwen, Director of Community Services

SUBJECT: Second Amendment to Approved Activities of the Fiscal Year 2009 Neighborhood Stabilization Program (NSP) Grant

RECOMMENDATION:

Staff recommendation is for adoption of Resolution No. 2011-79 authorizing a second amendment to the approved Redevelopment Activity of the FY 2009 Neighborhood Stabilization Program (NSP) Grant to expand the permitted uses to allow funds to be used for new construction on eligible properties within the NSP Target Areas.

Staff also recommends the adoption of Resolution No. 2011-80 authorizing staff to request a one-year extension of the contract from the California Department of Housing and Community Development (HCD) and authorization for staff to negotiate and execute said extension.

FISCAL ANALYSIS:

The City has been awarded \$1,309,830 for Neighborhood Stabilization Program (NSP) activities from the California Department of Housing and Community Development (HCD). These are federal funds passed down from U.S. Department of Housing and Urban Development (HUD). All NSP activities and related administrative costs will be funded solely by NSP grant funds and will not impact the General Fund.

BACKGROUND:

In April of 2009 the State of California released a Notice of Funding Availability for Neighborhood Stabilization Program (NSP) activities.

On June 10, 2009, in a public hearing, Council adopted Resolution No. 2009-81 authorizing submittal of an application for funding from the State of California NSP program. The City's application outlined three specific activities of the program as follows:

- 1) **Financing Mechanisms:** Establishing financing mechanisms by offering a Homebuyer Down Payment Assistance Program for potential homebuyers whose income is at or below 120% of the area median income; and

Neighborhood Stabilization Program (NSP)

June 22, 2011

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- 2) Redevelopment: Acquiring vacant or demolished single-family homes for the purpose of demolishing those homes determined to be blighted structures. After demolition, the sites would be made available for future redevelopment of dwellings for potential renters/homebuyers whose income is at or below 120% of the area median income; and
- 3) Demolition: Demolition of blighted structures acquired that pose a threat to human health, safety and public welfare.

On November 12, 2009, the State notified the City that its planned activities were approved through execution of a Standard Agreement, contingent upon submittal of additional documentation for each site identified for acquisition and/or demolition.

On April 14, 2010, in a public hearing, Council adopted Resolution No. 2010-54 authorizing the first amendment to the State contract to expand the categories of land uses and properties approved for acquisition, to include any previously-improved vacant properties or parcels of land that are suitable for redevelopment. Additional land use categories include, but are not limited to, those properties zoned for single-family or multi-family residential, mixed-use (combined commercial and residential projects), or planned developments, within the approved NSP Target Areas.

On May 5, 2010, the State notified the City that its planned activities were approved through execution of an amendment to the Standard Agreement.

Citizen Participation Requirements:

As required by the State's guidelines, a public hearing is necessary for the purpose of seeking public input into the design or any amendment to the NSP program activities. This hearing meets the Citizen Participation requirements for amendment to the Standard Agreement and approved grant activities.

Second Amendment to Program Activities:

At the time of submittal of the application to the State for NSP funding, it was City's intention to identify and acquire three to four vacant, single-family homes that were determined to be blighted and suitable for demolition (boarded up and deteriorating). NSP funds have been used to acquire four vacant parcels. Two previously-improved lots with single-family homes that were determined to be suitable for future redevelopment were included in a 2010 RFP and are being redeveloped by Community HousingWorks and San Diego Habitat for Humanity. Each non-profit has been able to leverage adjacent properties to develop viable projects (36 units of rental housing and 14 units of ownership housing). The City also purchased two improved lots with commercial structures; the non-profit partner was not able to leverage adjacent properties in compliance with HCD's timeline. These

Neighborhood Stabilization Program (NSP)

June 22, 2011

Page 3

properties will be taken over by the Community Development Commission and will be retained for future redevelopment. Funds used to purchase the properties must either be returned to HCD or committed into a new project.

After re-evaluating the current market in Escondido, staff recommends a second amendment to the Redevelopment activity to allow a new use of the funds: New Construction. Currently, NSP redevelopment projects include the provision for new construction of residential dwellings by selected Developers in order to rent or sell such dwellings to potential renters/homebuyers whose income is at or below 120% of area median income. This amendment will allow the City to leverage foreclosed, abandoned or vacant properties by allowing the investment of NSP Grant funds directly towards new construction. Investment can be made in construction activities on properties obtained through the NSP grant or controlled by the City, including several City-owned lots in Escondido Views Mobile Home Park and Mountain Shadows Mobile Home Park, two resident-owned family parks that the City helped convert to ownership in the 1990s. Redevelopment of these parks has been stalled due to financing issues related to the purchase of undeveloped mobile home lots. Building new units on permanent foundations will allow park redevelopment to progress. Staff intends to put out an RFP in July 2011 to identify a Developer for a NSP new construction project.

This amendment will allow the City to take greater control over the timeline of potential projects while meeting Housing Priorities identified in the FY 2010-15 Consolidated Plan. Priorities which may be addressed include: expanding the supply of affordable rental housing, conserving the supply of existing ownership housing, promoting neighborhood stability by increasing the length of tenure of renter households, increasing home ownership opportunities, increasing the supply of well-designed multi-family units, and expanding the supply of three- and four-bedroom rental units for low-income families.

The FY 2009 NSP Grant funds must currently be expended by September 30, 2011. Any funds not expended on a viable project by the end of the contract period will need to be returned to HCD. This amount is currently anticipated to be \$784,344. Amending the use of funds and extending the contract for one year will allow the City to retain this funding for improvement of neighborhoods most affected by the foreclosure crisis. It will also confirm that residents will be in their NSP-assisted homes in February 2013.

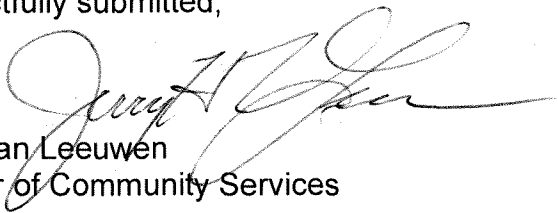
Conclusion:

Staff recommendation is for adoption of Resolution No. 2011-79 authorizing an amendment to the approved Redevelopment Activity of the FY 2009 Neighborhood Stabilization Program (NSP) Grant to expand the permitted uses to allow funds to be used for new construction on eligible properties within the NSP Target Areas.

Neighborhood Stabilization Program (NSP)
June 22, 2011
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Staff also recommends the adoption of Resolution No. 2011-80 authorizing staff to request a one-year extension of the contract from the California Department of Housing and Community Development (HCD) and authorization for staff to negotiate and execute said extension.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jerry Van Leeuwen". The signature is fluid and cursive, with a large initial "J" and "V".

Jerry Van Leeuwen
Director of Community Services

RESOLUTION NO. 2011-79

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING A SECOND AMENDMENT TO
APPROVED ACTIVITIES OF THE FY 2009
NEIGHBORHOOD STABILIZATION PROGRAM
(NSP) GRANT

WHEREAS, in April of 2009 the State of California released a Notice of Funding Availability for Neighborhood Stabilization Program (NSP) activities; and

WHEREAS, on June 10, 2009, at a Public Hearing, Council authorized submittal of the NSP grant application for the amount of \$1,309,830 for certain activities as set forth in the public notice and in Resolution No. 2009-81; and

WHEREAS, on November 12, 2009, the State of California entered into a Standard Agreement with the City for provision of the NSP program and the approved activities as set forth in the resolution; and

WHEREAS, on April 14, 2010, at a Public Hearing, Council authorized an amendment to the approved Redevelopment/ Acquisition activities of the NSP Grant to expand the categories of land uses and properties approved for acquisition to include any previously-improved vacant properties or parcels of land that are suitable for redevelopment, including, but not limited to, those properties zoned for single-family or multi-family residential, mixed-use (combined commercial and residential), or planned development, as set forth in the public notice and in Resolution No. 2010-54; and

WHEREAS, on May 5, 2010, the State of California approved the Amendment to the Standard Agreement with the City for provision of the NSP program and the

approved activities as set forth in the resolution; and

WHEREAS, the City now desires to amend the approved Redevelopment Activity of the NSP Grant to expand the permitted uses under the Redevelopment Activity to allow funds to be used for New Construction on eligible properties; and

WHEREAS, all of the above-mentioned activities are to be performed within the city limits of the City of Escondido, and within targeted census tracts and neighborhoods, as submitted to and accepted by the State NSP program, specifically:

<u>Census Tract</u>	<u>Block Group(s)</u>
201.05	1, 2
201.06	1, 2
201.08	1, 2, 3, 4
201.09	3, 4, 6
202.02	1, 2, 3, 4
202.06	1, 2
202.07	1, 2
202.08	1
202.09	1, 2
202.10	2
202.11	1, 2, 3
202.12	1, 2, 3, 4
203.02	1, 2, 3, 4, 5
203.04	3
203.05	2
203.07	2, 3, 4, 5
204.04	1, 2
205.00	1, 2, 3, 4
206.01	1, 2, 3, 4
206.02	1, 2, 3, 4
207.05	1, 2, 3
207.06	2
207.07	1, 2
207.08	1
207.09	1

WHEREAS, on June 22, 2011, the City Council of the City of Escondido conducted a Public Hearing for the purpose of seeking public input for the inclusion of an amendment to the approved NSP program activities; and

WHEREAS, the City Council has determined that federal Citizen Participation requirements have been met regarding the approval of this amendment to the activities of the NSP Program; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve a Second Amendment to the approved Redevelopment Activity of the NSP Grant to expand the permitted uses under the Redevelopment Activity to allow funds to be used for New Construction on eligible properties within the approved NSP Target Areas.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council approves the Second Amendment to the approved Redevelopment Activity of the NSP Program to expand the permitted uses under the Redevelopment Activity to allow funds to be used for New Construction on eligible properties within the approved NSP Target Areas.
3. That the City Manager is authorized to execute a Second Amendment to the Standard Agreement with the State of California Housing and Community Development Department to include said Amendment to the approved activities.
4. That all other provisions of Resolution No. 2009-81 and Resolution No. 2010-54 remain in effect and applicable to the FY 2009 Neighborhood Stabilization Program (NSP) Grant.

RESOLUTION NO. 2011-80

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE REQUEST AND
NEGOTIATION OF A ONE-YEAR EXTENSION
OF THE FY 2009 NEIGHBORHOOD
STABILIZATION PROGRAM (NSP) GRANT

WHEREAS, in April of 2009 the State of California released a Notice of Funding Availability for Neighborhood Stabilization Program (NSP) activities; and

WHEREAS, on June 10, 2009, at a Public Hearing, Council authorized submittal of the NSP grant application for the amount of \$1,309,830 for certain activities as set forth in the public notice and in Resolution No. 2009-81; and

WHEREAS, on November 12, 2009, the State of California entered into a Standard Agreement with the City for provision of the NSP program and the approved activities as set forth in the resolution; and

WHEREAS, on April 14, 2010, at a Public Hearing, Council authorized an amendment to the approved Redevelopment/ Acquisition activities of the NSP Grant to expand the categories of land uses and properties approved for acquisition to include any previously-improved vacant properties or parcels of land that are suitable for redevelopment, including, but not limited to, those properties zoned for single-family or multi-family residential, mixed-use (combined commercial and residential), or planned development, as set forth in the public notice and in Resolution No. 2010-54; and

WHEREAS, on May 5, 2010, the State of California approved the Amendment to the Standard Agreement with the City for provision of the NSP program and the

approved activities as set forth in the resolution; and

WHEREAS, the City now desires to request a one-year extension of the NSP contract; and

WHEREAS, the City now desires to authorize staff to negotiate said extension; and

WHEREAS, all of the above-mentioned activities are to be performed within the city limits of the City of Escondido, and within targeted census tracts and neighborhoods, as submitted to and accepted by the State NSP program, specifically:

<u>Census Tract</u>	<u>Block Group(s)</u>
201.05	1, 2
201.06	1, 2
201.08	1, 2, 3, 4
201.09	3, 4, 6
202.02	1, 2, 3, 4
202.06	1, 2
202.07	1, 2
202.08	1
202.09	1, 2
202.10	2
202.11	1, 2, 3
202.12	1, 2, 3, 4
203.02	1, 2, 3, 4, 5
203.04	3
203.05	2
203.07	2, 3, 4, 5
204.04	1, 2
205.00	1, 2, 3, 4
206.01	1, 2, 3, 4
206.02	1, 2, 3, 4
207.05	1, 2, 3
207.06	2
207.07	1, 2
207.08	1
207.09	1

WHEREAS, on June 22, 2011, the City Council of the City of Escondido conducted a Public Hearing for the purpose of seeking public input for the extension of the NSP contract; and

WHEREAS, the City Council has determined that federal Citizen Participation requirements have been met regarding the approval of this amendment to the activities of the NSP Program; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest to approve a one-year extension of the NSP contract as well as to negotiate and execute said extension with the State of California.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council authorizes staff to request and negotiate a one-year extension of the NSP Contract.
3. That the City Manager is authorized to execute an extension to the Standard Agreement with the State of California Housing and Community Development Department.
4. That all other provisions of Resolution No. 2009-81 and Resolution No. 2010-54 remain in effect and applicable to the FY 2009 Neighborhood Stabilization Program (NSP) Grant.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 22

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Rich Buquet, Neighborhood Services Manager

SUBJECT: Public Hearing to Approve Amendment to the Fiscal Year 2011-2012 Action Plan for Community Development Block Grant (CDBG) Funds to Allocate Program Income Received from the Sale of a Property

RECOMMENDATION:

It is requested that Council approve an amendment to the FY 2011-2012 Action Plan for CDBG to allocate \$32,742 in program income to the Escondido Education COMPACT Healthcare Career Pipeline program and \$185,540 in program income to phase four of the Tulip Street Improvement Project. The funds, totaling \$218,282, are a portion of the revenue received from the sale of a property to the Center for Community Solutions (CCS) in May 2011, purchased in part with CDBG funds.

FISCAL ANALYSIS:

The City of Escondido receives annual formula allocations of CDBG Program funding from the U.S. Department of Housing and Urban Development (HUD). All expenses for activities and administration of activities outlined in this report are paid for with CDBG funds and do not impact the City's general fund.

PREVIOUS ACTION:

On April 25, 2007, City Council approved the FY 2007-2008 One-Year Action Plan for use of CDBG funds which included an allocation of program income in the amount of \$75,000 to the Escondido Workforce Roundtable to support workforce development in Escondido.

On July 14, 2010, City Council adopted Resolution No. 2010-120 authorizing the sale of a City property to CCS.

On April 6, 2011, City Council approved the FY 2011-2012 One-Year Action Plan for use of CDBG funds.

Amendment to FY 2011-2012 Action Plan for CDBG to Allocate Program Income from Sale of
Property
June 22, 2011
Page 2

BACKGROUND:

In May 2011, the City of Escondido sold a property to CCS which had been purchased in part with CDBG funds. Per HUD regulations, when a property purchased with CDBG funds is sold, the CDBG program must be reimbursed from the proceeds. These reimbursed funds are considered "program income", 15 percent of which may be used for public services activities in the following fiscal year.

It is requested that \$32,742 be allocated to the Escondido Education COMPACT's Healthcare Career Pipeline, which is the workforce development activity originally funded by \$75,000 in CDBG program income in FY 2007-2008. The Pipeline program has been running successfully since its launch in 2009, graduating 26 young healthcare professionals, leveraging over \$169,000 in funds from agencies such as the San Diego Workforce Partnership, Escondido Adult School/ROP, Escondido Union High School District and COMPACT and realizing a 100 percent job placement rate for its graduates.

It is requested that the remaining program income in the amount of \$185,540 be allocated to phase four of construction on the Tulip Street Improvement Project which includes comprehensive street improvements along Tulip Street from 9th Ave. to Valley Parkway in Escondido's Westside Neighborhood. Phase three of the project is expected to be completed in the next several weeks, and phase four is expected to begin in fall 2012 using funding from two cycles of CDBG allocations.

Respectfully submitted,



Rich Buquet
Neighborhood Services Manager



CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 23

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Michael Lowry, Fire Chief

SUBJECT: Community Wildfire Protection Plan (CWPP)

RECOMMENDATION:

It is requested that Council accept the CWPP plan as presented.

FISCAL ANALYSIS:

None

BACKGROUND:

In September 2009 the City was awarded \$185,000 from the American Red Cross 2007 Southern California Recovery, Planning, and Assistance (RP&A) Program to develop a comprehensive Community Wildfire Protection Plan (CWPP) for the City of Escondido and Rincon del Diablo Fire Protection District.

SUMMARY:

In March 2010 the City entered into a consulting agreement with Anchor Point Group (APG) to analyze and develop an assessment of the wildfire hazards and risks within the City of Escondido and Rincon del Diablo Fire Protection District. By utilizing the results of the wildfire hazards assessment, APG created the CWPP which resulted in a community-wide planning effort. This planning effort included extensive field data gathering, compilation of existing fire activity records and GIS data. The result produced recommendations designed to reduce the threat of injury, fatalities and property damage and loss.

The goals for developing the CWPP are to enhance life safety for residents and responders, mitigate undesirable fire outcomes to property and infrastructure and mitigate undesirable fire outcomes to the environment, watershed and quality of life. In order to mitigate many of the undesirable wildfire threats, an Annual Work Plan was also developed. This Annual Work Plan was developed by utilizing topography, fuels and historical weather conditions, which was designed to complement the CWPP.

Community Wildfire Protection Plan (CWPP)
June 22, 2011
Page 2

By creating both the CWPP and the Annual Work Plan, the Escondido Fire Department will seek grant funding to complete projects that have been identified within the Annual Work Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Lowry", written in a cursive style.

Michael Lowry
Fire Chief



Agenda Item No.: 23
Date: June 22, 2011

There is no material for this agenda item

THE FOLLOWING ITEM(S) WILL BE DISTRIBUTED WHEN AVAILABLE:

- Staff Report**
- Resolution No.**
- Ordinance No.**
- Exhibits/Attachments**

DUE TO THE SIZE OF THIS AGENDA ITEM:

- A copy of the Community Wildfire Protection Plan is on file in the City Clerk's Office**

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 24

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Barbara J. Redlitz, Director of Community Development

SUBJECT: Possible Amendment to Resolution No. 2002-62 to Allow Carnivals at Westfield North County (2002-06-PD)

RECOMMENDATION:

It is requested that Council direct staff to schedule a public hearing on July 13, 2011, to consider adding carnivals to the list of temporary, outdoor uses permitted under the planned development for Westfield North County, located at 272 East Via Rancho Parkway.

PROJECT DESCRIPTION:

This item has been added to the City Council agenda at the request of Councilmembers Ed Gallo and Marie Waldron. The request is to consider whether to allow carnivals as a permitted, temporary outdoor use at the Westfield Mall. If so directed by the City Council, the item would be scheduled for public hearing, to amend the list of permitted as established by Resolution No. 2002-62.

FISCAL ANALYSIS:

None other than staff time to process the amendment.

ENVIRONMENTAL REVIEW:

Environmental review is not necessary to initiate an amendment to the list of permitted uses.

PREVIOUS ACTION:

The precise development plan for the Westfield Mall, including the list of permitted uses, was originally approved in 1981 (Case File 81-176-PD). On March 20, 2002, the City Council approved Resolution No. 2002-62 (attached), approving a modification to a master and precise development plan for Westfield North County to expand the list of uses at the facility. The expanded uses included a variety of temporary outdoor and parking lot uses at the mall. The modification included guidelines for temporary uses, but did not specifically include carnivals. Although some administrative flexibility is allowed for proposed uses that are similar to those that are otherwise allowable, uses that are not specifically listed as permitted in a planned development zone are not allowed. Seasonal events are allowed. The proposed amendment would clarify the intent regarding carnivals.

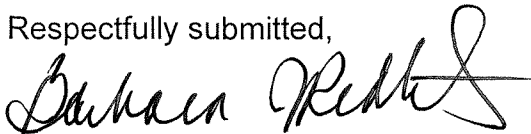
Carnival at Westfield
2002-06-PD
June 22, 2011
Page 2

BACKGROUND:

The Chamber of Commerce is working with Christiansen Amusements to find a new location for their annual carnival, since the site used in previous years for the carnival is no longer available. The event is scheduled to be held on August 11-14, 2011. The City has provided assistance to the Chamber to find an appropriate site. The Chamber has discussed the proposal with the management at the shopping center, and now proposes to locate the carnival in the parking lot at Westfield; however, the planned development approvals for Westfield does not specifically allow carnivals as a permitted temporary outdoor use. Councilmembers Gallo and Waldron requested that the matter be scheduled for consideration by the full Council to consider how to proceed.

Since the allowable uses are governed by the planned development conditions, a modification is requested to clarify the permitted use list, subject to a public hearing. The previous amendment to the permitted uses was considered by the Planning Commission and approved by City Council resolution, so staff feels a resolution may be used for this request. However, the item is requested to be elevated directly to the City Council to provide a determination in sufficient time to plan and advertise the anticipated event date. The next available hearing date is July 13, 2011. Should Council decide to initiate the modifications, staff further feels that some limit to the number of carnival events per year would be appropriate.

Respectfully submitted,



Barbara J. Redlitz
Director of Community Development

RESOLUTION NO. 2002-62

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING A MODIFICATION TO A MASTER
AND PRECISE DEVELOPMENT PLAN FOR
WESTFIELD SHOPPINGTOWN NORTH
COUNTY TO EXPAND THE LIST OF USES AT
THE FACILITY

Case No. 2002-06-PD

WHEREAS, on March 12, 2002, the Planning Commission considered, and by Resolution No. 5398, recommended denial of a modification to the previously approved Master and Precise Development Plan for Westfield Shoppingtown North County (formally North County Fair) to expand the list of permitted uses to allow a variety of temporary outdoor and parking-lot uses at the mall. The project site generally is located north of E. Via Rancho Parkway, east of Interstate 15, west of Bear Valley Parkway and south of Kit Carson Park, addressed as 272 E. Via Rancho Parkway; and

WHEREAS, the City Council has received a request for a modification to a previously approved Master and Precise Development Plan (Previous Case No. 81-176-PD) and has reviewed and considered the environmental review, and determined the project is exempt from environmental review in conformance with CEQA Section 15061(b)(3), "General Rule;" and

WHEREAS, the City Council has considered the request, the staff report, the recommendations of the Planning Commission and the appropriate agencies, and public testimony presented at the Council meeting and incorporates by reference the findings made in the report(s); and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to approve said modification to the Master and Precise Development Plan as reflected on plans and documents on file in the offices of the City Clerk and Planning Division;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council has reviewed and considered the environmental review, the staff reports and has heard and considered testimony given at public hearings, and certifies the project is exempt from environmental review in conformance with CEQA Section 15061(b)(3), "General Rule."
3. That the Findings of Fact, attached as Exhibit "A" and incorporated by this reference, were made by said Council.
4. That upon consideration of the Findings, environmental review, all material in the staff report (a copy of which is on file in the Planning Division), Planning Commission recommendation, public testimony presented at the hearing, and all other oral and written evidence on this project, the City Council approves the proposed modification to the Master and Precise Development Plan (Case No. 2002-06-PD) to expand the list of uses to allow certain temporary outdoor and parking-lot uses/activities at the mall, as reflected on plans and documents on file in the offices of the City Clerk and Planning Division, and subject to Conditions of Approval and Guidelines set forth as Exhibit "B" and which is incorporated by this reference.

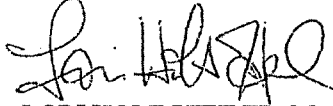
PASSED, ADOPTED AND APPROVED by the City Council of the City of Escondido at a regular meeting thereof this 20th day of March, 2002 by the following vote to wit:

AYES : Councilmembers: D'AGOSTA, GALLO, PFEILER, RADY, WALDRON

NOES : Councilmembers: NONE

ABSENT : Councilmembers: NONE

APPROVED:



LORI HOLT PFEILER, Mayor of the
City of Escondido, California

ATTEST:



MARSHA WHALEN, City Clerk of the
City of Escondido, California

EXHIBIT "A"

Resolution No. 2002-62
Exhibit "A"
Page 1 of 1

FINDINGS OF FACT
2002-06-PD

Modification to Master and Precise Development Plan

1. The Proposed Modification to the Master Plan and the Precise Plan to expand the list of permitted uses at Westfield Shoppingtown North County would be in conformance with General Plan Commercial Policy B4.1(11) (page II-24 and II-28) which identifies this 83-acre, Planned Commercial shopping mall and indicates that appropriate uses within the Planned Commercial designation may include office and professional uses, tourist serving facilities, specialty retail, and other retail/service businesses. Through the Temporary Use Permit process, each proposed temporary outdoor event would be evaluated on a case-by-case basis to address relevant items such as intensity of development; compatibility with existing and surrounding land uses; and preservation of the site's unique qualities.
2. Westfield Shoppingtown North County has many parking lot and other open spaces areas located throughout the 83-acre site to accommodate a variety of outdoor uses/activities at the mall. Through the Temporary Use Permit process and Temporary Use Permit Guidelines, each request could be evaluated to ensure the proposed activity is well integrated with its surroundings.
3. Westfield Shoppingtown North County has many parking lot and other open spaces areas located throughout the 83-acre site to accommodate a variety of outdoor uses/activities at the mall. Through the Temporary Use Permit process and Temporary Use Permit Guidelines, each request could be evaluated to ensure that all vehicular traffic generated by the proposed activities can be accommodated safely and without causing undue congestion adjoining streets.
4. Westfield Shoppingtown North County is currently developed as an 83 acre regional shopping center. Expansion of the permitted uses would not affect the facility to be adequately serviced by existing or proposed public facilities and services.
5. Through Temporary Use Permit process, each proposed temporary outdoor event would be evaluated on a case-by-case basis to address relevant items such as intensity of development; compatibility with existing and surrounding land uses; and preservation of the site's unique qualities. Therefore, the proposed expansion of permitted uses to allow temporary outdoor uses and events would not adversely affect the overall design of the facility, nor its visual and aesthetic qualities.
6. Since the project site has been developed as an 83 acre regional shopping center, the proposed outdoor activities/uses would not require the development of new permanent facilities, excessive earth moving or grading, or destruction or desirable nature features. Through Temporary Use Permit process, each proposed temporary outdoor event would be evaluated on a case-by-case basis to address relevant items such as intensity of development; compatibility with existing and surrounding land uses; and preservation of the site's unique qualities.
7. The list of outdoor uses and activities proposed would have a beneficial effect since it would expand the services that could be offered to Escondido residents and businesses, as well as provide flexibility for business owners to provide goods and services to consumers without resulting in negative impacts to the surrounding community and environment as discussed in the above sections.

EXHIBIT "B"

Resolution No. 2002-62
Exhibit "B"
Page 1 of 1

CONDITIONS OF APPROVAL

2002-06-PD

Modification to Master and Precise Development Plan

In addition to all the applicable conditions of approval and mitigation measures adopted as part of the Master and Precise Development for North County Fair (currently Westfield Shoppingtown North County) the following conditions shall apply:

General

1. Temporary outdoor uses/activities shall be limited to the following, as determined by the Director of Planning and Building:
 - New and used car sales events for a recognized local Escondido auto dealers association with auto sales facilities in Escondido, or a group of at least three Escondido auto dealers that maintain auto sales facilities in Escondido (up to 3 times per year, limited to 5 days for each event)
 - Health Screening Fair
 - V.I.P. Appearances
 - Promotional and Marketing Events for tenants located within the center
 - Concerts with food sales
2. Review of requests for temporary outdoor uses/activities shall be based on, but not limited to the following guidelines:

Guidelines for Temporary Use Permits

Parking

1. Appropriate areas within the parking lots/outdoor spaces shall be designated for the proposed event and indicated on the Temporary Use Permit application.
2. The proposed event shall not adversely affect the ability to provide sufficient parking spaces for the existing facilities/uses.

Traffic/Circulation

1. The location of the event shall not impact on-site circulation, or ingress and egress to the site.
2. The timing of the event and hours of operation shall not adversely impact the traffic flows on the adjacent streets and intersections.

Lighting and Noise

1. Any additional event lighting shall be in conformance with the City's lighting requirements, and shall be indicated on the permit application. Lighting should be located to avoid impacts to adjacent properties, especially residential uses.
2. Proposed events should be located on the most appropriate area of the site to avoid potential noise impacts to adjacent properties, especially residential uses. All proposed uses/events shall be in conformance with the City's Noise Ordinance. Additional measures may be necessary to avoid potential impacts to adjacent properties.
3. The use of outdoor paging systems, loudspeakers, amplifiers and music may not be appropriate in all cases and should only be used within appropriate areas of the site which would avoid impacts to adjacent properties, especially residential uses.

Signage

1. Signage for each event should be limited to minimum amount necessary to effectively advertise the event and provide directional guides, without negatively impacting the visual quality of the facility and surrounding setting. Visual clutter should be avoided. All proposed signage shall be included in the Temporary Use Permit application.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 25

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Economic Development Subcommittee (Abed, Waldron)

SUBJECT: Agreement Between the City and LaCaze Development For the Provision of a Wal-Mart on the West side of Harding Street Between East Valley Parkway and Grand Avenue

RECOMMENDATION:

The Economic Development Subcommittee and staff are recommending that the City Council adopt Resolution No. 2011-92 approving an Economic Incentive and Operating Covenant Agreement.

FISCAL ANALYSIS:

The proposed agreement would provide for increased sales tax revenues to the City of Escondido in excess of \$250,000 for the first five years and in excess of \$400,000 for the remaining years of operation.

PREVIOUS ACTION:

This project was originally approved on May 4, 2005 for the construction of a 143,183 square foot, single story Wal-Mart retail center. The project was suspended and a new Plot Plan application for a 92,000 square foot retail building was approved on June 25, 2009. Two extensions of time have been granted until June 24, 2012.

BACKGROUND:

Finding a major retailer for this site has been a staff priority for the last eight years. It is one of the few sites left in the City that can accommodate a large box retail use. At different times staff has talked to representatives from Walmart, Target, Best Buy, and Burlington Coat Factory. None of these uses worked out over the years mainly due to the many problems associated with the site. In addition to attracting a major retail (often not within the City's control), problems included the underlying leases, anchor store restrictions prohibiting the addition of certain uses, and the high cost of constructing Harding Street from East Valley all the way through to Grand Avenue. The extension of Harding is needed to make retail use viable in the Grand Avenue area of the parking lot.

We now have a tentative agreement involving LaCaze Development and the City providing for a Wal-Mart and all the major issues have been worked out. The last issue to be addressed was the

Wal-Mart Agreement Between the City and LaCaze Development

June 22, 2011

Page 2

improvement of Harding Street, and the Developers will absorb the full cost of this improvement, which is expected to be significant.

Over the years, the City has used similar agreements on a number of major projects which include the original Fedco, the Target Center, and the Lexus dealership. Those projects have been extremely beneficial to the City. This type of agreement needs to be well scrutinized to ensure it is an overall benefit to the City. Staff and the Economic Development Subcommittee feel this proposal is a prudent use of the City's ability to partner with private development to benefit the Community. The reason this project works so well is that it costs the tax payers nothing since no General Fund money or any other existing funds are used. The funds that the City will be using to attract the store and stimulate the development are new revenues that will be created by this project. In addition, the project will bring needed jobs to the area, provide area shoppers with quality discounted merchandise, and will keep Walmart shoppers from going to the Wal-Marts in other communities. (i.e. Escondido revenue will stay in Escondido.)

The terms in the agreement are straight forward and establish the parameter for the incentive payments. The City receives the first \$250,000 in new sales tax. The developer would then receive a payment equal to any amount over \$250,000 up to \$500,000. However, any sales tax in excess of \$500,000 would result in equally shared revenue. After a period of five years, or if the developers \$750,000 incentive has been provided, the City will receive all yearly sales tax revenues with no further offsetting incentive payments. City revenue is then estimated to range between \$400,000 and \$650,000.

The Economic Development Subcommittee and staff are recommending that Council approve the attached Resolution.

Respectfully submitted,



Charles Grimm
Assistant City Manager

RESOLUTION NO. 2011-92

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE MAYOR AND CITY CLERK
TO EXECUTE AN ECONOMIC INCENTIVE
AND OPERATING COVENANT AGREEMENT
FOR A WALMART STORE (CASE NO. ADM
09-0062)

WHEREAS, Developers of a proposed Wal-Mart Store ("Developers") have presented and on May 4, 2005, the City approved a Conditional Use Permit (Case No. 2003-18-CUP/GE) for the construction of a 143,183 square foot, single story Wal-Mart retail center on approximately 11.47 acres to be located generally on the south side of Valley Parkway just east of Ash Street within the City of Escondido; and

WHEREAS, the project was suspended and a new Plot Plan application (Case No. ADM 09-0062) for a 92,000 square foot retail building was approved on June 25, 2009 and has been granted two extensions of time until June 24, 2012; and

WHEREAS, the construction and the operation of a Wal-Mart store as the centerpiece of the retail complex will significantly improve the overall design and appearance of the area in which the proposed store is to be located, resulting in the construction of substantial new public improvements, and resulting in significant economic benefits to the citizens of Escondido including new jobs, new shopping opportunities and creating economic benefits and convenience to the residents in that area of the City, who do not otherwise have similar commercial outlets in the area; and

WHEREAS, the conditions of approval associated with the project will provide an extension of Harding Street from East Valley Parkway to Grand Avenue, which will

benefit the surrounding businesses and benefit traffic circulation in that part of the City;
and

WHEREAS, the property and sales tax generated by the new commercial development, and the improvement of surrounding businesses will provide revenues to the City which will in turn be used to provide services and amenities to the community at large; and

WHEREAS, Developers have applied to the City for certain economic incentives, which would include incentive payments based upon the amount of sales taxes generated in exchange for an operating covenant under which Developer covenants that a Wal-Mart would commit to remain in the City; and providing benefits as outlined above, for a substantial period of time; and

WHEREAS, the City Council deems it to be in the best public interest to adopt such an agreement as an inducement and facilitation for Developers to construct and operate, on a continued basis, a Wal-Mart retail complex in the City of Escondido.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and City Clerk are hereby authorized to execute an Agreement Re Operating Covenant and Restrictive Covenants substantially similar to that Agreement attached to this Resolution as Exhibit "A" and which is incorporated by this reference, subject to final approval as to form by the City Attorney.

**AGREEMENT RE OPERATING COVENANT
AND RESTRICTIVE COVENANTS**

THIS AGREEMENT RE OPERATING COVENANT AND RESTRICTIVE COVENANTS (the "Agreement") is entered into as of _____, 2011, by and between the **CITY OF ESCONDIDO**, a public body, corporate and politic (the "City"), and **Escondido Venture 99, LLC and LaCaze Development Company EV 99, LLC/LDC**, a California corporation ("Escondido Ventures").

RECITALS

A. Escondido Ventures is the owner of certain real property located at East Valley Parkway, Escondido, California Developers on which the City has approved a Conditional Use Permit (Case No. 2003-18-CUP/GE) and subsequent Plot Plan application (Case No. ADM 09-0062) for a 92,000 square foot retail building which would be a single story Wal-Mart retail center on approximately 11.47 acres to be located generally on the south side of Valley Parkway just east of Ash Street within the City of Escondido (the "Project"); and

B. The Project is located on land owned by the Bulen Family Trust and Emil Rose who have ground leased the property to Escondido Venture 99, LLC and the La Caze Development Company who have entered into a sub-lease with Wal-Mart, Inc. calling for the development and operation of a Wal-Mart store.

C. The City has found that it is of benefit to the City of Escondido (the "City") and its citizens to induce Escondido Ventures to open and operate the Project, that the imposition of a certain operating covenant and restrictive covenants (the "Covenants" as hereinafter defined) constitutes a valid public purpose, and therefore the City desires to obtain such Covenants and, subject to the terms hereof, Escondido Ventures is willing to enter into and be bound by such Covenants.

D. The purpose and intent of the City in making the payments to Escondido Ventures with respect to the Covenants (hereinafter "Consideration" as hereinafter defined) is to induce Escondido Ventures to locate and to open and operate, together with certain public improvements, the Business on the Property and thereby enhance the well-being of the community at large, create new local employment, create employment in an area of the community in need of improvement, expand the City's tax revenue base, and provide services and benefits in an area of the community in need of such services.

E. In consideration for Escondido Ventures's agreement to be bound by such Covenants, the City has agreed to pay the Consideration as hereinafter defined. The City and Escondido Ventures agree that the amount of such Consideration is a fair exchange for the Covenants.

NOW, THEREFORE, the parties hereto agree as follows:

1. Operating Covenant and Restrictive Covenants.

a. Operating Covenant. Escondido Ventures hereby covenants and agrees to continue to open and operate the Business on the Property. Escondido Ventures shall cause the Business on the Property to be continuously operated during normal business hours, unless such opening and/or operation is temporarily interrupted by causes beyond the reasonable control of Escondido Ventures, including casualty losses, major repairs, labor disputes, civil commotion, acts of God, government restrictions, acts of terrorism or war, and the like ("Force Majeure") during the "Operating Period" defined below; provided that the Operating Period shall not be extended in the event of such Force Majeure. The Operating Period shall commence on July 1, 2012 and end on June 30, 2017.

b. Restrictive Covenants. During the Operating Period, Escondido Ventures shall (i) keep and maintain the Property and the improvements thereon and all facilities appurtenant thereto, in good order and repair and safe condition, and the whole of the Property, in a clean, sanitary, and orderly condition free from debris, graffiti and waste materials, (ii) comply with provisions of Paragraph 5 hereof; provided, however, that Escondido Ventures does not waive its right to challenge the validity or applicability of any such Governmental Requirements, and (iii) not own and/or operate through Escondido Ventures, or any entity in which Escondido Ventures has at least a twenty five percent (25%) interest in profits and losses and/or management control, any other business similar to the Business within a ten (10) mile radius of the City.

The foregoing subparagraphs a. and b. of this Paragraph 1 are collectively hereinafter referred to as the "Covenant."

2. Consideration.

a. Definitions.

(i) "**Sales Tax Revenues**" shall mean that portion of taxes derived and received by the City and legally available for unrestricted use by the City's General Fund which use is not otherwise restricted by the state or federal government, between each July 1 and June 30 during the Operating Period from the imposition of the Bradley Burns Uniform Local Sales and Use Tax Law, commencing with Section 7200 of the Revenue and Taxation Code of the State of California, as amended, arising from the Business conducted on the Property in accordance herewith from time to time, which are subject to such Sales and Use Tax Law.

(ii) "**Primary Base Sales Tax Revenues**" shall mean Sales Tax Revenues in excess of \$250,000 per annum.

(iii) "**Secondary Base Sales Tax Revenues**" shall mean Sales Tax Revenues in excess or \$500,000 per annum.

b. Consideration. In consideration for Escondido Ventures's agreement to be bound by the Covenant, City agrees to pay to Escondido Ventures an amount equal to (i) One Hundred Percent (100%) of the Sales Tax Revenues each year in excess of the Primary Base Sales Tax Revenues, and (ii) Fifty Percent (50%) of the Sales Tax Revenues each year in excess of the Secondary Base Sales Tax Revenues; payable annually on or before July 30th of each year, commencing on July 30, 2013 with respect to Sales Tax Revenues received from and after July 1, 2012 until the earlier of (i) July 1, 2017, or (ii) receipt by Escondido Ventures of the aggregate amount of Seven Hundred Fifty Thousand Dollars (\$750,000). By way of example, under the current application of the Sales Tax Law and based on the following assumptions, payments to Escondido Ventures would be as follows:

<i>Assumed Sales Tax Revenues for years July 1, 2012 through June 2017</i>	<i>Consideration due Escondido Ventures</i>
\$ 90,000	\$ -0-
\$ 290,000	\$ 40,000
\$ 410,000	\$ 155,000

The amounts due hereunder shall be payable from any source of funds legally available to City. The determination of the source of funds shall be in the sole and absolute discretion of the City. In this regard, Escondido Ventures acknowledges that City is not making a pledge of Sales Tax Revenues, or any other particular source of funds; the definition of Sales Tax Revenues, as used herein, is used merely as a measure of the amount of payment due hereunder and as a means of computing the consideration for this Covenant.

With respect to the Sales Tax Revenue calculations, the amount of the payment due on each such payment date shall be based upon the total Sales Tax Revenues received by City (less any State Board of Equalization adjustments that would have modified previous payments to Escondido Ventures) during the applicable preceding annual period as confirmed by the report furnished by the City's sales tax consultant as provided by the State Board of Equalization, and the sales tax returns as filed by Escondido Ventures. Escondido Ventures, on its behalf and on behalf of all successors in interest, hereby waives its right to protect against disclosure the information contained in its sales tax returns (to comply with the terms of this Agreement) and further authorizes the release to such sales tax consultant of such information to the extent necessary to comply with the terms of this Agreement. In the event that the last payment due hereunder covers less than a full annual period, the amount of Sales Tax Revenues for said partial annual period shall be calculated by multiplying the total Sales Revenues equivalency for the entire annual period (assuming that Escondido Ventures was entitled to receive Sales Tax Revenues for the annual period) by a fraction in which the numerator equals the number of days in such semi-annual period included within the period of City's payment obligation and in which the denominator is 365.

c. Cap on Consideration. Notwithstanding anything else herein contained, in no event shall the total Consideration paid to Escondido Ventures pursuant to Paragraph 2.b above exceed the sum of Seven Hundred Fifty Thousand Dollars (\$750,000).

d. In the event the City receives sales tax revenue equal to or greater than \$250,000 in any year of this Agreement, the expiration date of the incentive payments (but not the maximum dollar amount) set forth above shall be extended for a period of 36 months.

e. **No Acceleration.** It is acknowledged by the parties that any payments by the City provided for herein may only be paid with respect to those periods in which Escondido Ventures is not in Default of the Covenant. The failure of the Commission to make any payments required by Paragraph 2.b shall not cause the acceleration of any future payments by the City to Escondido Ventures beyond the date of such default; provided, that such failure shall constitute a default by Commission hereunder which entitles Escondido Ventures to exercise its rights and remedies hereunder. In the event there is a change in state law which results in the elimination of all or a portion of the Sales Tax Revenues received by the City and replaces such Sales Tax Revenues with other forms of revenue (the "Replacement Revenue Source"), the parties agree to negotiate in good faith to restructure the Consideration so as to approximate as nearly as possible from the Replacement Revenue Source, the benefits that would have been derived from this transaction to the City and on the one hand and Escondido Ventures on the other hand, as if such change in law had not occurred.

3. Hazardous Materials.

a. **Definitions.** For purposes of this Agreement, the following terms shall have the following meanings:

(i) **"Environmental Claims"** shall mean any claims by third parties for personal injury (including sickness, disease or death), or for injury to property or natural resources or the environment, including, without limitation, lost profits, consequential damages, diminution of property value or loss of use of property, which is proximately caused by any violation or alleged violation of, or noncompliance with, the requirements of any Environmental Law.

(ii) **"Environmental Cleanup Liability"** shall mean any cost or expense incurred to investigate, monitor, remove, remediate, treat, clean up, abate or otherwise respond to any Release or threatened Release of Hazardous Materials, including, without limitation, the cost of obtaining site closure from applicable governmental agencies and the cost of restoring the affected property upon completion of responsive action.

(iii) **"Environmental Compliance Costs"** shall mean any cost or expense necessary to enable the affected property to comply with all applicable Environmental Laws.

(iv) **"Environmental Law"** shall mean any applicable federal, California, regional or local law, statute, ordinance, rule, regulation or order for the protection of human health or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, *et seq.*); the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 *et seq.*); the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*); the Clean Air Act (42 U.S.C. § 7401 *et seq.*); the Safe Drinking Water Act (42 U.S.C. § 300f *et seq.*); the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. § 11001 *et seq.*); the Occupational Safety and Health Act (29 U.S.C. § 651 *et seq.*); the

Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 *et seq.*); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 *et seq.*); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code § 25300 *et seq.*); the Hazardous Waste Control Law (Health and Safety Code § 25100 *et seq.*); the Hazardous Waste Disposal Land Use law (Health and Safety Code § 25220 *et seq.*); the Porter-Cologne Water Quality Control Act (Water Code § 13000 *et seq.*); Hazardous Materials Release Response Plans and Inventory (Health and Safety Code § 25500 *et seq.*); Underground Storage of Hazardous Substances (Health and Safety § 25280 *et seq.*); The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) (Health and Safety Code § 25249.5-25249.13); the Asbestos Notification Law (Health and Safety Code § 25915 *et seq.*); the California Occupational Safety and Health Act (Labor Code § 6300 *et seq.*); Chapters 10 and 11, Division 4.5, Title 22, California Code of Regulations; and any law or regulation implementing, amending or succeeding any of the foregoing, and any similar laws or regulations at any time in effect having any of the purposes designated above.

(v) **"Hazardous Materials"** shall mean any pollutant, contaminant, hazardous or toxic substance, material or waste which is or becomes identified, listed or regulated as such under any Environmental Law by the United States government, the State of California or any regional or local governmental authority having jurisdiction over the Property.

(vi) **"Release"** shall mean the release, as defined in Health and Safety Code §§ 25320 and 25321, of a Hazardous Material or Hazardous Materials.

b. Property Indemnity. Effective upon the execution hereof, Escondido Ventures agrees to indemnify, protect, defend, reimburse and hold the City and their members, officials, agents, employees and attorneys, harmless from and against any and all claims, actions, proceedings, lawsuits, orders, costs, liabilities, judgments, damages, fines, encumbrances, liens, penalties, punitive damages, losses and expenses (including without limitation all costs and expenses reasonably incurred to investigate and defend claims, whether or not such claim is ultimately defeated, and costs and expenses reasonably incurred for consultants, court fees, administrative fees, expert witness fees, and attorneys' fees) of whatever kind or nature, contingent or otherwise, matured or not matured, foreseeable or unforeseeable, any of which are suffered or incurred by said indemnified parties, or assessed, levied or asserted by any person or entity (whether governmental or private) against said indemnified parties and relating to the following:

Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs arising from the Release or threatened Release of Hazardous Materials in or into the soil or groundwater in, on, under or from the Property as a result of the use, generation, discharge, storage, handling or disposal of Hazardous Materials at the Property by Escondido Ventures or Escondido Ventures's agents, employees, contractors or invitees or Escondido Ventures's predecessors in interest.

4. Defaults and Remedies. Occurrence of any or all of the following shall constitute a default ("Default") under this Agreement:

- a. Escondido Ventures's Default, as hereinafter defined, of the Covenant.
- b. City's Default, as hereinafter defined, of Paragraph 2 hereof.
- c. The filing of a petition in bankruptcy by or against Escondido Ventures or appointment of the receiver or trustee of any property of Escondido Ventures, or an assignment by Escondido Ventures for the benefit of creditors, or adjudication that Escondido Ventures is insolvent by a court, and a failure of Escondido Ventures to cause such petition, appointment or assignment to be removed or discharged within sixty (60) days.

In the event of any default under the terms of this Agreement, the nondefaulting party shall give written notice to the defaulting party. The defaulting party shall commence and diligently thereafter pursue the curing of said default within thirty (30) days after receipt of notice of such default; provided, however, that if said default does not involve the payment of money from one party to the other and if the cure of such non-monetary default cannot reasonably be completed within such thirty (30) day period, such failure shall not be a Default so long as such party promptly commences a cure within said thirty (30) days period and thereafter diligently prosecutes such cure to completion. Failure to cure, as specified above, shall be a "Default" hereunder. Except as provided in the paragraph immediately below, nothing herein is intended to limit or restrict whatever specific performance or other equitable remedies either party may have in accordance with applicable law. In the event of Default by Escondido Ventures and without seeking judicial relief the following shall occur as the sole and exclusive remedy for such Default (the "Nonjudicial Remedy"): (i) Escondido Ventures's right to receive Sales Tax Revenues with respect to the period of time that the Business is not operating shall be suspended and the term of the payment period described in Paragraph 2.b herein shall not be extended; and (ii) in the event the Business is closed (for reasons other than force majeure) for a continuous period of one (1) year or any other Default remains uncured, Escondido Ventures's right to receive further payments from City pursuant to this Agreement shall be permanently terminated and the terms of this Agreement shall be of no further force or effect.

5. Compliance With Governmental Requirements. Escondido Ventures shall carry out the operation of the Business in substantial conformity with all applicable laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State of California, the County of San Diego, the City or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, Escondido Ventures, or the Property, including all applicable federal, state and local occupational safety and health laws, rules, regulations and standards, applicable state and labor standards, applicable prevailing wage requirements, building, plumbing, mechanical and electrical codes, as they apply to the Property and the Business, and all other provisions of the City and its Municipal Code, (as they apply to the Property and the Business), and all applicable disabled and handicapped access requirements, including, without the limitation, the Americans With Disability Act, 42 U.S.C. §12101 *et seq.*, Government Code §4450 *et seq.*, and the Unruh Civil Rights Act, Civil Code §51 *et seq.* ("Governmental Requirements").

6. Transfers of Interest in Property or Agreement.

a. Prohibition. The qualifications and identity of Escondido Ventures as the operator of the Business are of particular concern to the City. Furthermore, the parties acknowledge that the City has negotiated the terms of this Agreement in contemplation of the operation of the Business and the Sales Tax Revenues to be generated by the operation of the Business on the Property. Accordingly, for the Operating Period no voluntary or involuntary successor in interest of Escondido Ventures shall acquire any rights or powers under this Agreement, unless such successor shall continue to operate the Business in substantially the same manner as operated by Escondido Ventures immediately prior to such event, without the prior written approval of the City, except as expressly set forth herein which approval may be withheld in its sole and absolute discretion.

b. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of a Transfer shall not be required in connection with any of the following:

(i) Any Transfer to an entity or entities which controls, is controlled by, or is under common control with, Escondido Ventures.

(ii) The conveyance or dedication of any portion of the Property to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate the Business.

(iii) Any Transfer to an entity or entities acquiring all or substantially all of the assets of Escondido Ventures in California.

(iv) Any assignment for financing purposes, including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Business.

(v) Any Transfer in connection with a merger with or consolidation of Escondido Ventures.

In the event of a Transfer by Escondido Ventures under subparagraphs (1) to (5) above not requiring the City's prior approval, Escondido Ventures nevertheless agrees that at least thirty (30) days prior to such Transfer it shall give written notice to City of such assignment and satisfactory evidence that the assignee has assumed in writing through an assignment and assumption agreement of all of the obligations of this Agreement except as to any Transfer described in subparagraphs (2) and (4) above.

7. Notices. All notices under this Agreement shall be given in writing by personal delivery, or by certified mail or registered United States Mail, return receipt requested, postage prepaid, or by facsimile and shall be deemed communicated when received if given by personal delivery or upon receipt or rejection if mailed as provided above or upon receipt by facsimile on a business day during business hours in the location where received, and if not then on the next business day, as the case may be. Mailed notices shall be addressed as set forth below, but either

party may change its address by giving written notice thereof to the other in accordance with the provisions of this article:

City: City of Escondido
201 North Broadway
Escondido, California 92025-2798
Attn: City Manager
cc: City Attorney
(760) 741-7541

Escondido Ventures: Escondido Ventures

Attn:
Fax:

with copy to:

Attn:
Fax:

8. Miscellaneous. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings written and oral. This Agreement may not be modified or amended except in a writing signed by all parties hereto. In the event any litigation is necessary to enforce or interpret any provisions of this Agreement, the prevailing party in such litigation shall be entitled to recover its court costs and attorneys' fees.

9. Brokerage Commissions. Escondido Ventures shall indemnify, defend and hold the City harmless from and against any and all cost, liabilities, losses, damages, claims, causes of action or proceedings which may result from Escondido Ventures's dealing with any broker or finder in connection with the transaction covered by this Agreement.

10. Indemnity. Escondido Ventures agrees to and shall indemnify, defend, protect, and hold harmless the City and/or City (and the City's and/or City's Representatives) from and against any and all third party claims, losses, proceedings, damages, causes of action, liability, costs and expenses (including reasonable attorneys' fees) arising from or in connection with or caused by (i) any act, omission or negligence of Escondido Ventures or any lessee of Escondido Ventures, or their respective contractors, licensees, invitees, agents, sublessees, servants or employees, wheresoever on or adjacent to the Property that the same may occur; and (ii) any use of the Property, or any accident, injury, death or damage to any person or property occurring in, or on the Property, or any part of the Property or from the conduct of the Business or from any activity, work or thing done, permitted or suffered by Escondido Ventures or its sublessees, contractors, employees, or invitees, in or about the Property (other than to the extent arising as a result of the City's and/or City's sole

negligence or willful misconduct), but excluding any matter with respect to which the City and/or City has or enjoys the benefit of sovereign immunity, and (iii) any action brought by any third party challenging the validity of any provision of this Agreement. In the event Escondido Ventures is obligated to defend and indemnify hereunder Escondido Ventures shall have the right to control the defense, select and retain counsel and settle or otherwise dispose of the claim provided that any such action by Escondido Ventures shall not materially adversely affect the City of Escondido.

11. Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

12. Nondiscrimination. Participant for itself and its successors and assigns, agrees that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, rental, transferring, use, occupancy, tenure, or enjoyment of the Property nor shall the Participant or any person claiming under or through the Participant establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, leases, sublessees, subtenants, contractors or vendees in the Property.

13. Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where the context so requires.

14. Authority to Execute. The person or persons executing this Agreement on behalf of Escondido Ventures warrant and represent that they have the authority to execute this Agreement on behalf of their corporation, partnership or business entity and warrant and represent that they have the authority to bind Escondido Ventures to the performance of its obligations hereunder.

15. Warranty Against Payment of Consideration for Agreement. Escondido Ventures warrants that it has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

16. Release of City and/or City Officials. No member, official, agent, employee, or attorney of the City shall be personally liable to Escondido Ventures, or any successor in interest of Escondido Ventures, in the event of any default or breach by the City and/or City or for any amount which may become due to Escondido Ventures or its successors, or on any obligations under the terms of this Agreement. Escondido Ventures hereby waives and releases any claim it may have personally against the members, officials, agents, employees consultants, or attorneys of the City and/or City with respect to any default or breach by the City and/or City or for any amount which may become due to Escondido Ventures or its successors, or on any obligations under the terms of this Agreement. Escondido Ventures makes such release with full knowledge of Civil Code Section 1542, and hereby waives any and all rights thereunder to the extent of this release, if such Section 1542 is applicable California Civil Code Section 1542 provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

17. Headings. The headings to the paragraphs of this Agreement have been inserted for convenience reference only and shall not to any extent have the effect of modifying, amending or changing the expressed terms and provisions of this Agreement.

18. Venue. In the event of any litigation under this Agreement, all such actions shall be instituted in the Superior Court of the County of San Diego, State of California, North County Branch.

19. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

20. Successors and Assigns. The provisions of this Agreement shall be binding upon, and inure to the benefit of, the City and Escondido Ventures and their successors and assigns as the case or context may require.

21. No Joint Venture. Nothing contained in this Agreement shall be construed to render the City in any way or for any purpose a partner, joint venture, or associated in any relationship with Escondido Ventures, nor shall this Agreement be construed to authorize any Party to act as agent for the other.

22. Waiver. The waiver by the City or Escondido Ventures of any breach by the other Party of any term, covenant, or condition in this Agreement contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition herein contained. Any Party's acceptance of any performance by the other Party after the due date of such performance shall not be deemed to be a waiver by any Party or any preceding breach by the other Party of any term, covenant, or condition of this Agreement, regardless of such Party's knowledge of such preceding breach at the time of acceptance of such performance.

23. Counterparts. This Agreement may be executed and acknowledged in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one (1) Agreement, binding on the parties hereto.

24. Recordation of this Agreement . This Agreement shall be recorded forthwith upon execution hereof. Thereafter the parties shall cooperate in reasonable requests to remove of record the Agreement, or portions thereof that have been fully performed.

25. Entire Agreement, Waivers and Amendments. This Agreement may be executed in duplicate originals, each of which shall be deemed to be an original. This Agreement integrates all

of the terms and conditions mentioned herein or incidental hereto, and restates all other negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. Any waiver, modification, rescission or release of any provision of this Agreement must be in writing and signed by the appropriate authorities of the City and/or Escondido Ventures, and all amendments hereto must be in writing and signed by the appropriate authorities of the City and Escondido Ventures. The Executive Director of City, or his or her designee, may execute any documents, make any approvals, enter into any amendments, or take any other actions as may be necessary or appropriate to carry out this Agreement on behalf of the City.

26. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or, as of the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceeding shall include an award thereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first written above.

CITY:

CITY OF ESCONDIDO, a public body, corporate and politic

By: _____
Sam Abed, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Jeffrey R. Epp
City Attorney

ESCONDIDO VENTURES:

ESCONDIDO VENTURES., a California corporation

By: _____
Its: _____

APPROVED AS TO FORM:

Escondido Ventures's Legal Counsel

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 26

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Sheryl Bennett, Director of Human Resources
Joyce Masterson, Assistant to the City Manager

SUBJECT: Preliminary City Council Action Plan – Embrace Diversity

RECOMMENDATION:

It is requested that Council provide direction to staff on the proposed content of the Embrace Diversity and Community Outreach element of the 2011-2012 City Council Action Plan.

FISCAL ANALYSIS:

None

PREVIOUS ACTION:

The City Council held a workshop for the development of the 2011-2012 Council Action Plan on February 2, 2011. On April 6, 2011, Council approved the format and schedule for the development of the 2011-2012 City Council Action Plan. On May 11, 2011, Council reviewed the proposed content for the Financial Stability element. On June 15, 2011 Council reviewed the proposed content for the Economic Development element.

BACKGROUND:

The City Council Action Plan represents the City Council's collective vision for Escondido's future and the key strategies that will be used to achieve that vision. It is developed biennially following a workshop where key policy goals are identified and discussed.

On April 6, 2011, Council approved the format as well as a recommendation that a review of a draft of each priority area be scheduled individually to provide the City Council with adequate time to discuss each section and to provide feedback to ensure the action plan truly reflects the Council's desires.

A draft Embrace Diversity and Community Outreach element is attached to this document as Attachment 1. Staff will incorporate any revisions into a final draft to be presented on August 10, 2011.

Preliminary Council Action Plan
June 22, 2011
Page 2

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sheryl Bennett', written in a cursive style.

Sheryl Bennett
Director of Human Resources

A handwritten signature in black ink, appearing to read 'Joyce Masterson', written in a cursive style.

Joyce Masterson
Assistant to the City Manager

City Council Action Plan 2011-2012

Embrace Diversity and Community Outreach

Goal	Current Reality	Strategy	Evaluation Measures	Outcome
<p>Community Events Downtown</p>	<p>The City has a robust history of downtown events to draw a diverse group of citizens to the area.</p> <p>In 2010, over 274,000 people visited a variety of downtown events hosted by many different Escondido-based groups.</p> <p>This is a partial listing of some of the popular events:</p> <ul style="list-style-type: none"> • Cruisin' Grand - April - Sept • 2nd Saturday Art Walk • Saturdays in the Park - History Center - Weekly Sat events in Grape Day Park • Escondido JC's Christmas Parade • Chocolate Festival - February 	<p>Add three new events:</p> <ol style="list-style-type: none"> 1. Sunrise Rotary Downtown 5K – 9/10/11 2. 9/11 10th Anniversary Remembrance Event at the Escondido Police and Fire HQ 3. Fiesta Escondido– 9/18/11 Escondido Celebration in Grape Day Park, including music, dance, food and family activities 	<p>Number of attendees at each event.</p>	

	<ul style="list-style-type: none"> • Dia De Los Ninos - April • Escondido Street Fair - Oct • American Heritage Car Show in Grape Day • Summer Movies in Grape Day Park • 4th of July Celebration in the Park • Grape Day Festival and Parade - Sept 			
<p>Making things easier for residents to communicate with government</p>	<p>Current communication tools include:</p> <ul style="list-style-type: none"> • City's Internet Page • Recreation brochure • Newsletters • Facebook (Library & Recreation) • Twitter • Online Crime Reporting • Email • Phone System • Utility Bill Inserts • Escondido Experience through Chamber • Escondido Workforce Roundtable • Council meetings, live, televised, and on the Internet • City Sourced Application (graffiti and potholes) <p>Communication has mostly been</p>	<p>Increase opportunities for the community to provide input to City:</p> <ol style="list-style-type: none"> 1. Hold Mayor's Town Hall Meeting 2. Conduct community survey to obtain feedback from the residents on the methods they would like the City to use to share and receive information. Survey will be done via staff and City resources at a minimal cost. 3. Offer the public quarterly tours of City Hall and the Police & Fire HQ. 4. Expand City Sourced Application 5. Create "City" Facebook Page 	<p>Number of attendees</p> <p>Responses from survey and analysis to the potential need for changes in communication methods.</p> <p>Number of attendees</p> <p>Number of referrals</p> <p>Number of followers</p>	

	<p>“one-way”, from the city to residents. More interactive communication is desirable.</p>			
<p>Communication and Listening</p>	<p>Current customer service training is focused primarily on new employees and includes:</p> <ul style="list-style-type: none"> • New Employee Orientation • Fish Training <p>Additional periodic training is needed as a refresher for long-time employees.</p> <p>An informational kiosk would enhance customer service, by allowing visitors to get their questions answered from the kiosk, submit reports on-line and avoid having to wait in line. The cost of a kiosk is approximately \$5,100.</p>	<p>Internal Customer Service</p> <ol style="list-style-type: none"> 1. Provide additional citywide customer service training 2. Solicit feedback from customers on the quality of service they received from City staff. <p>External Customer Service</p> <ol style="list-style-type: none"> 1. Purchase kiosk with online resources for customers to access information at City Hall 2. Develop a protocol between the City Manager's Office and the Mexican Consul General's Office to share information about issues or incidents affecting Escondido. 	<p>Number of employees trained</p> <p>Number of feedback forms received and quality of service measured.</p> <p>Number of utilizations</p> <p>Number of communications</p>	



FUTURE CITY COUNCIL AGENDA ITEMS
June 15, 2011

*AGENDA ITEMS AND COUNCIL MEETING DATES ARE SUBJECT TO CHANGE. CHECK
WITH THE CITY CLERK'S OFFICE AT 839-4617*

Green Sheet Due by Noon on Monday, 6/13/11
Staff Reports/Resos due by Noon on Tuesday 6/21/11

JUNE 29, 2011 – NO MEETING (5TH WEDNESDAY)

Green Sheet Due by Noon on Monday, 6/20/11
Staff Reports/Resos due by Noon on Tuesday 6/28/11

JULY 6, 2011 – NO MEETING (Holiday)



Agenda Item: No. 3
Date: June 22, 2011

APPROVAL

OF

MINUTES

CITY OF ESCONDIDO
May 25, 2011
3:30 p.m. Meeting Minutes
Escondido City Council
Community Development Commission

CALL TO ORDER

The Regular Meeting of the Escondido City Council and Community Development Commission was called to order at 3:30 p.m. on Wednesday, May 25, 2011 in the Council Chambers at City Hall with Mayor Abed presiding.

ATTENDANCE

The following members were present: Councilmember Olga Diaz, Councilmember Ed Gallo, Deputy Mayor Marie Waldron, and Mayor Sam Abed. Councilmember Diaz arrived at 3:45 p.m. Councilmember Michael Morasco absent. Quorum present.

ORAL COMMUNICATIONS

CLOSED SESSION: (COUNCIL/CDC/RRB)

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Waldron to recess to Closed Session. Ayes: Diaz, Gallo, Waldron and Abed. Noes: None. Absent: Morasco. Motion carried.

I. CONFERENCE WITH LABOR NEGOTIATOR (Government Code §54957.6)

- a. Agency Negotiator: Sheryl Bennett, Clay Phillips
Employee organization: **Escondido City Employee Association
Supervisory Bargaining Unit**
- b. Agency Negotiator: Sheryl Bennett, Clay Phillips
Employee organization: **Escondido City Employee Association
Administrative/Clerical/Engineering (ACE) Bargaining Unit**
- c. Agency Negotiator: Sheryl Bennett, Clay Phillips
Employee organization: **Maintenance & Operations, Teamsters Local 911**
- d. Agency Negotiator: Sheryl Bennett, Clay Phillips
Employee or organization: **Escondido Police Officers' Association**

II. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)

- a. Property: 401 N. Spruce Street
- City Negotiator: Clay Phillips
- Negotiating parties: City and Interfaith Community Services
- Under negotiation: Price and terms of payment

ADJOURNMENT

Mayor Abed adjourned the meeting at 4:40 p.m.

MAYOR

ASSISTANT CITY CLERK

MINUTES CLERK

CITY OF ESCONDIDO
May 25, 2011
4:30 p.m. Meeting Minutes

Escondido City Council
Community Development Commission
Mobilehome Rent Review Board

CALL TO ORDER

The Regular Meeting of the Escondido City Council and Community Development Commission was called to order at 4:40 p.m. on Wednesday, May 25, 2011 in the Council Chambers at City Hall with Mayor Abed presiding.

MOMENT OF REFLECTION

FLAG SALUTE

Mayor Abed led the flag salute.

ATTENDANCE

The following members were present: Councilmember Olga Diaz, Councilmember Ed Gallo, Deputy Mayor Marie Waldron, and Mayor Sam Abed. Councilmember Michael Morasco absent. Quorum present.

Also present were: Clay Phillips, City Manager; Jeffrey Epp, City Attorney; Barbara Redlitz, Community Development Director; Robert Zaino, Engineering Services Deputy Director; Bob Zornado, Assistant City Clerk; and Liane Uhl, Minutes Clerk.

PRESENTATIONS

Mayor Abed introduced Luke Ashforth, Toby Ashley, Aidan Conant-Guy, Connor Murphy and Christian Reynaldo who accepted the Webelos Special Achievement Award.

PROCLAMATIONS

Mayor Abed introduced Carol Rea who accepted a proclamation for National Historic Preservation Month, May 2011. Mayor Abed handed out awards for Best appearance Award to Patricia Preston, Most Improved Appearance award to Pastor Jesus Rivas for Iglesia Bautista Fundamental, Historic Research Award to Keigh & Celia Moore, Special Merit Award to Leila Whitehill, Special Merit Award to Missy David for a Girl Scout Troup, and a Special Merit Award to Shari Culver & K.C. Tucker for the Holiday Wine Cellar.

ORAL COMMUNICATIONS

Larry Steneck, Escondido, distributed information and indicated the Coalition of Escondido Mobile/Manufactured Home Voters (CEMV) would be distributing American flags to mobilehome parks for Memorial Day.

Melvin Takahara, Escondido, asked Council to not dismantle recreation programs.

Patty Huerta, Escondido Education Compact, requested Council continue funding the Education Compact.

Roy Garrett, Escondido, asked Council to use the proceeds from the sale of the EYE (Escondido Youth Encounter) to subsidize recreation programs.

Ruth Pickard, Escondido, distributed information and urged Council to keep the Senior Center Craft Shop open.

CONSENT CALENDAR

Councilmember Diaz removed items 5, 6 and 8 from the Consent Calendar for discussion.

MOTION: Moved by Councilmember Waldron and seconded by Councilmember Diaz that the following Consent Calendar items be approved with the exception of items 5, 6 and 8. Ayes: Diaz, Gallo, Waldron and Abed. Noes: None. Absent: Morasco. Motion carried.

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/CDC/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/CDC)**
3. **APPROVAL OF MINUTES: Regular Meeting of April 13, 2011**
4. **TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2011 –**
Request Council receive and file the Quarterly Investment Report. (File No. 0490-55)

Staff Recommendation: Receive and file: **(City Treasurer's Office: Kenneth Hugins)**

5. **SECOND AMENDMENT TO AGREEMENT WITH MR. B'S LANDSCAPE MAINTENANCE –**
Request Council approve a second amendment to the Public Service Agreement with Mr. B's Landscape Maintenance in the amount of \$18,525 per month for landscape maintenance services in the City of Escondido Landscape Maintenance District (LMD) that will extend the term of the agreement to June 30, 2012, and add maintenance responsibilities for one additional LMD zone. (File No. 0600-10 [A-2614])

Staff Recommendation: Approval **(Engineering Services: Frank Schmitz)**

RESOLUTION NO. 2011-61

Councilmember Diaz asked if the City could hire a local company.

Frank Schmitz, Engineering Department, indicated this was the lowest bidder and explained that the contract would go out to bid after the contract options ran out.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Waldron to approve a second amendment to the Public Service Agreement with Mr. B's Landscape Maintenance in the amount of \$18,525 per month for landscape maintenance services in the City of Escondido Landscape Maintenance District (LMD) that will extend the term of the agreement to June 30, 2012, add maintenance responsibilities for one additional LMD zone and adopt Resolution No. 2011-61. Ayes: Abed, Gallo and Waldron. Noes: Diaz. Absent: Morasco. Motion carried.

6. **STREET VACATION - PORTION OF NORTH ELM STREET** – Request Council set a public hearing date of June 8, 2011 at 4:30 p.m. to consider approving the vacation of a portion of North Elm Street. (File No. 0690-40)

Staff Recommendation: Approval (**Engineering Services: Ed Domingue**)

RESOLUTION NO. 2011-57

Councilmember Diaz asked for additional information.

John Crayton, Real Property Agent, indicated the engineering staff had the design details from Habitat for Humanity.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Gallo to set a public hearing date of June 8, 2011 at 4:30 p.m. to consider approving the vacation of a portion of North Elm Street and adopt Resolution No. 2011-57. Ayes: Abed, Diaz, Gallo and Waldron. Noes: None. Absent: Morasco. Motion carried.

7. **INTENTIONALLY LEFT BLANK**

8. **CALIFORNIA CENTER FOR THE ARTS, ESCONDIDO** – Request Council approve an advance payment of \$270,000.00 to CCAE to meet cash flow needs for the balance of Fiscal Year 2010-11. (File No. 0600-10 [A-2429])

Staff Recommendation: Approval (**City Manager's Office: Clay Phillips**)

Councilmember Diaz asked for additional information.

Clay Phillips, City Manager, indicated this was an advance of the Management Agreement payment.

MOTION: Moved by Councilmember Waldron and seconded by Councilmember Gallo to approve an advance payment of \$270,000.00 to CCAE to meet cash flow needs for the balance of Fiscal Year 2010-11. Ayes: Abed, Gallo and Waldron. Noes: Diaz. Absent: Morasco. Motion carried.

CONSENT - RESOLUTIONS AND ORDINANCES (COUNCIL/CDC/RRB)

PUBLIC HEARINGS

9. **SHORT FORM RENT INCREASE APPLICATION FOR WESTWINDS MOBILEHOME PARK** – Request Council approve the short-form rent increase, granting an increase of seventy-five

percent (75%) of the change in the Consumer Price Index, or an average of \$3.32 per space per month for the period of December 31, 2009 to December 31, 2010. (File No. 0697-20-9784)

Staff Recommendation: Approval (**Community Services/Housing Division: Jerry VanLeeuwen**)

RESOLUTION RRB NO. 2011-03

Michelle Henderson, Housing Division, gave the staff report and presented a series of slides.

Mayor Abed opened the public hearing and asked if anyone would like to speak on this issue in any way.

Jim Younce, Park Owner Representative, indicated he was available for any questions.

Mayor Abed asked if anyone else wanted to speak on this issue in any way. No one asked to be heard. Therefore, he closed the public hearing.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Waldron to approve the short-form rent increase and adopt Resolution RRB No. 2011-03. Ayes: Abed, Diaz, Gallo and Waldron. Noes: None. Absent: Morasco. Motion carried.

CURRENT BUSINESS

- 10. DEMONSTRATION OF NEW LIBRARY WEB SITE** – A presentation on the new features of the Escondido Library's new online services. (File No. 0110-20)

Staff Recommendation: None (**Community Services/Library: Laura Mitchell**)

Laura Mitchell, City Librarian, introduced Donna Feddern, Librarian, who gave the report and presented a series of slides.

COUNCIL ACTION: No action, information only.

- 11. REAL PROPERTY PURCHASE – 455 & 525 N. QUINCE STREET** - Request Council authorize an expenditure of \$6,600,000.00 plus related closing costs for the purchase of property addressed as 455 & 525 N. Quince Street; and authorize the Mayor and City Clerk to execute all documents related to the purchase; and accept the Grant Deeds on behalf of the City. (File No. 0690-10)

Staff Recommendation: Approval (**City Manager's Office: Charles Grimm**)

RESOLUTION NO. 2011-69

Charles Grimm, Assistant City Manager, gave the staff report.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Waldron to authorize an expenditure of \$6,600,000.00 plus related closing costs for the purchase of property addressed as 455 & 525 N. Quince Street; authorize the Mayor and City Clerk to execute all documents related to the purchase; accept the Grant Deeds on behalf of the City and adopt Resolution No. 2011-69. Ayes: Abed, Gallo and Waldron. Noes: Diaz. Absent: Morasco. Motion carried.

- 12. BID AWARD FOR FLEET REPLACEMENT OF TWELVE TRUCKS** – Request Council award the bid for fleet replacement of twelve trucks to North County Ford of Vista, California in the amount of \$264,314. **Continued from May 11, 2011.** (File No. 0470-35)

Staff Recommendation: Approval (**Finance Department: Gil Rojas**)

Jerry Van Leeuwen, Community Services Director, gave the staff report and presented a series of slides.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Diaz to award the bid for fleet replacement of twelve trucks to North County Ford of Vista, California in the amount of \$264,314. Ayes: Abed, Diaz, Gallo and Waldron. Noes: None. Absent: Morasco. Motion carried.

- 13. FUND BALANCE POLICY AND COMMITMENT OF FUND BALANCE IN THE GENERAL FUND** – Request Council approve the Fund Balance Policy in compliance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and commit fund balance in the General Fund for Economic Uncertainty and Economic Development. (File No. 0430-30)

Staff Recommendation: Approval (**Finance Department: Gil Rojas**)

RESOLUTION NO. 2011-56

Gil Rojas, Finance Director, and Christina Holmes, Finance Department, gave the staff report and presented a series of slides.

Roy Garrett, Escondido, asked if excess funds that went into the Economic Uncertainty Fund could be used for any project.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Gallo to approve the Fund Balance Policy in compliance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, commit fund balance in the General Fund for Economic Uncertainty and Economic Development and adopt Resolution No. 2011-56. Ayes: Abed, Diaz, Gallo and Waldron. Noes: None. Absent: Morasco. Motion carried.

- 14. RESOLUTION OPPOSING SENATE BILL 468** – Request Council oppose Senate Bill 468 which would impose additional, unnecessary requirements on capacity-increasing highway projects in the coastal zone, as well as prevent the implementation of the Regional Transportation Plan. **Continued from May 11, 2011.** (File No. 0680-20)

Staff Recommendation: None (**Mayor Sam Abed and Councilmember Marie Waldron**)

RESOLUTION NO. 2011-62

Mayor Abed removed this item from the agenda.

WORKSHOP

- 15. UTILITIES BOND FINANCING** – Presentation of information relating to the Fiscal Year 2011/2012 CIP Budget, which will propose that water and wastewater use bond financing to fund \$17.8 million dollars in capital projects. (File No. 0440-50)

Staff Recommendation: None (**Finance Department: Gil Rojas**)

Gil Rojas, Finance Director, introduced Tom Lockard, Stone & Youngberg, who gave the report and presented a series of slides.

COUNCIL ACTION: No action, information only

FUTURE AGENDA

- 16. FUTURE AGENDA ITEMS** - The purpose of this item is to identify issues presently known to staff or which members of the Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed

Staff Recommendation: None (**City Clerk's Office: Marsha Whalen**)

ORAL COMMUNICATIONS

Armando Telles, Escondido, asked if there was a conflict of interest on the vote earlier in the evening for the purchase of two parcels of property.

Ann McDonald, Escondido, distributed information and reported on the history of the Senior Center craft shop.

COUNCIL MEMBERS' COMMITTEE REPORTS/COMMENTS/BRIEFING

Councilmember Gallo indicated the Sprinter maintenance yard had solar panels installed; the grand opening of the Breeze Rapid was scheduled for June 7, 2011, North County Transit District won an award from the San Diego County Taxpayers Association for saving money, Oak Hill Cemetery had Memorial Day ceremonies scheduled for 10:00 a.m. on Monday, May 30, 2011.

Mayor Abed indicated SANDAG had a draft of the Regional Housing Needs Assessment.

ADJOURNMENT

Mayor Abed adjourned the meeting at 7:43 p.m.

MAYOR

ASSISTANT CITY CLERK

MINUTES CLERK

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. 2004-_____ File No. _____

Ord No. 2004-_____

Agenda Item No.: 4
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Kenneth C. Hugins, City Treasurer
SUBJECT: Annual Submission of the City of Escondido's Investment Policy

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-67.

PREVIOUS ACTION:

The last adoption of the Investment Policy was on June 9, 2010, Resolution No. 2010-90.

BACKGROUND:

In compliance with California Government Code Section 53646, the City Treasurer may annually prepare and submit to the legislative body for consideration at a public meeting a statement of the Investment Policy. The Investment Policy provides the City with guidelines for the investment of City funds.

There are no major revisions to the 2011 Investment Policy. The changes consist primarily of updating certain job titles and investment related definitions. Exhibit A, as attached, is a detailed listing of the revisions to the 2011 Investment Policy.

The City of Escondido's June 2011 Investment Policy is attached as Exhibit 1 to Resolution 2011-67 for your review and approval.

Respectfully submitted,



Kenneth C. Hugins
City Treasurer

SUMMARY OF REVISIONS TO INVESTMENT POLICY FOR JUNE 2011

Description of Change:	Pages:
1. At paragraph V (A), add the words " up to" in front of the reference to the number of permanent council members to serve on the Investment Subcommittee	Page 3
2. At paragraph VI (A), first sentence, eliminate the wording "as required by" in the description of Government code section 53601 and replace with "as per". The quarterly investment report is recommended, but no longer required, to be reported to City Council.	Page 3
3. At paragraph V(B), first sentence, replace the reference to "Revenue Manager" with "Revenue Manager/Finance Manager", as the Revenue Manager position is not currently budgeted for FY 11/12, and the Revenue Manager duties associated with the Treasury function are currently being performed by the Finance Manager.	Page 3
4. At paragraph VII(B), sentence three, eliminate the wording "every three to five years" and replace with "as determined necessary by the Executive Investment Committee", to describe the time frame for soliciting and selecting qualified broker/dealers to provide investment services to the City.	Page 4
5. At paragraph X, second sentence, add the wording "Finance Manager" to the listing of employees performing Treasury functions who are required to file an annual Statement of Economic Interest report.	Page 5
6. At paragraph one in Cash Review section, add the wording "Finance Manager" to the list of treasurer designees	Appendix A-1
7. At paragraph XVI, third sentence, eliminate duration reference for a specific date (594 days as of April 30, 2006) as the investment policy document should not specify a duration related to a specific date.	Page 9
8. At paragraph two in the Investment Selection section, replace reference to specific staff of Investment Officer or Revenue Manager with "Treasurer or other designee".	Appendix A-1
9. At paragraph two of page A-3 in the Purchasing an Investment section, replace reference to specific staff of Investment Officer with "Investment Officer or other Treasurer designee".	Appendix A-3
10. At paragraph six of page A-3 in the Purchasing an Investment section, replace the wording "The Investment Officer should validate the following" with "the following should be validated".	Appendix A-3
11. At paragraph one on page A-4 in the Purchasing an Investment section, replace the wording "The Investment Officer and the provider should exchange and review the following information" with "the following information should be confirmed with the provider".	Appendix A-4

- | | | |
|-----|--|-----------------|
| 12. | At paragraph one in the Settlement and Follow-Through section, replace reference to specific staff of Investment Officer with “Investment Officer or other Treasurer designee”. | Appendix A-4 |
| 13. | At paragraph one in the Settlement and Follow-through section, replace the wording “should forward to the safekeeping agent a fax of the investment transaction” with “should forward to the safekeeping agent by fax or e-mail, detailed information regarding the investment transaction”. Replace wording of sentence two “The fax will contain detailed information of the purchased security consisting of” with “The detailed information of the purchased security will consist of”. Wording changes made to eliminate reference to fax as the specific communication medium. | Appendix A-4 |
| 14. | At paragraph two in the Settlement and Follow-through section, replace the wording “phone call is also madeconfirm receipt of fax” with “A phone call will be made.....confirm receipt of investment information”. | Appendix A-4 |
| 15. | Revise definition of ‘Comprehensive Annual Financial Report’ to be in agreement with the definition set forth in the GAAFR manual for Governmental Accounting Standards. | Glossary Page 2 |
| 16. | Update description of FDIC deposit coverage limits to include new coverage amounts and dates of change. | Glossary Page 2 |
| 17. | Update definitions of FHLMC and FNMA to include information on U.S. Government conservatorship of the agency. | Glossary Page 3 |
| 18. | Update definition of Required Reports to replace wording of “specify that certain information be transmitted” with “specifies that certain information may be periodically transmitted”. Investment reports are recommended, but no longer required, to be submitted to the City’s governing body | Glossary Page 6 |
| 19. | Update definition of Treasury Bills to replace wording of “most bills are issued to mature in three months, six months or one year” with “treasury bills have a maturity of one year or less”. | Glossary Page 7 |
| 16. | Update definition of Treasury Note to replace wording of “two to ten years” with “one to ten years”. | Glossary Page 7 |
| 17. | Clarify definition of Uniform Net Capital Rule. Eliminate wording “member firm as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread amount members” and replace with wording “SEC registered broker/dealers maintain sufficient liquid resources to promptly satisfy their liabilities, including all claims by customers, creditors, and other broker/dealers. The rule requires broker-dealers to maintain the greater of (1) a specified percentage of net capital as it relates to either total broker indebtedness or total customer receivables, or (2) a specified dollar amount”. | Glossary Page 7 |

RESOLUTION NO. 2011-67

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
ADOPTING THE CITY OF ESCONDIDO'S
INVESTMENT POLICY DATED JUNE 2011

WHEREAS, the City Council has previously adopted annual Investment Policies pursuant to the requirements of the California Government Code; and

WHEREAS, the Investment Policy attached as Exhibit "1," and incorporated by this reference, is in accordance with Government Code 53601 and meets Association of Public Treasurers of the United States & Canada (APT US & C) Investment Policy Certification standards; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to adopt the City of Escondido's Investment Policy;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the City Council hereby adopts the City of Escondido's Investment Policy attached to this Resoltuion as Exhibit "1."



City of Escondido

INVESTMENT POLICY

June 2011

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CITY OF ESCONDIDO INVESTMENT POLICY

I. Policy Statement

This policy establishes the limits within which the City's investment program shall be conducted. Investment goals and objectives are defined. Qualified investment instrumentalities and reporting requirements are identified. Authority, accountability, audit control and procedures governing the investment program are delineated.

The investment policies and practices of the City of Escondido are based upon state law, city ordinance, and prudent money management.

II. Scope

A. Pooled Investments.

This policy applies to the investment of all funds under the control of the City Treasurer. These funds are accounted for in the City of Escondido's Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust Funds
- Any new fund created from proceeds of bond sales in the custody of the Treasurer or any other funds under his control.

California Government Code Section 53601(1) permits money from bond proceeds, obligations under a lease, installment sales or other agreements to be invested in any security that meets the statutory provisions governing the issuance of the bond or other agreements made by the issuing agency.

B. Investments held separately.

Investments of bond proceeds will be held separately when required by the bond indentures or when necessary to meet arbitrage regulations. If allowed by the bond indentures, or if the arbitrage regulations do not apply, investments of bond proceeds will be held as part of the pooled investments.

This policy does not apply to stocks, bonds, or other securities donated to the Escondido Public Library until such time as the Library Board of Trustees determines to dispose of such securities. Also, this investment policy does not apply to the Employees Deferred Compensation Fund and PERS funds, which are administered separately.

III. Prudence

Pursuant to California Government Code Section 53600.3, as amended, the City Council and all persons authorized to make investment decisions on behalf of the City are trustees of the public funds and therefore fiduciaries subject to the following prudent investor standard.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

The City Treasurer and other individuals who are assigned to manage the investment portfolio, when they are acting in accordance with the City's investment policy, with written procedures and in reasonable reliance on existing California statutes and when they have properly exercised due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Investment Objectives

A. The criteria for selecting investments by order of priority shall be:

1. *Safety.* Safety of principal is the City of Escondido's foremost objective. Investments shall seek to ensure that capital losses resulting from institution default, broker-dealer default, or the erosion of market value are avoided. The City of Escondido shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
 - a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only the highest quality securities (see authorized investments) and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.
 - b. Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the portfolio to eliminate the need to sell securities prior to maturity; and by prohibiting the taking of short positions, that is, selling securities that the City

does not own. It is explicitly recognized, however, that in a diversified portfolio, occasional measured losses may occur, and must be considered within the context of overall investment return.

2. *Liquidity.* The portfolio will be structured with sufficient liquidity to allow the City to meet expected cash requirements. At least 50 percent of the General Fund operating budget shall be invested short-term (one year or less). The duration is also mentioned in the "Maturity" section.
3. *Yield.* In a manner consistent with the objectives of safety of principal and liquidity uppermost, a yield higher than the market rate of return shall be sought. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
 - A security with declining credit may be sold early to minimize loss of principal.
 - A security swap would improve the quality, yield, or target duration in the portfolio.
 - Liquidity needs of the portfolio require that the security be sold.

B. It shall be the policy of the City that all idle funds shall be invested consistent with providing adequate cash to meet the City's obligation.

V. Investment Committee

A. Investment Committee.

A committee chaired by the City Treasurer to advise the City Treasurer on policies governing the City's Investment policy. Included as permanent members of the committee are the City Treasurer; up to two Councilmembers as selected by the City Council; the City Manager; the Director of Finance; and, in addition, up to four other persons representing the financial community and the general public. These members shall be appointed by the City Treasurer as members-at-large. Members-at-large shall serve for no fixed term and at the pleasure of the City Treasurer. The Treasurer's Office personnel shall serve as staff to the committee. The investment committee will meet twice a year or more frequently as needed.

B. Executive Investment Committee.

The City Treasurer, Revenue Manager and/or Finance Manager, Investment Officer and the Director of Finance function as a committee to oversee day-to-day investment programs of the City.

VI. Required Reporting

The City Treasurer or his designees shall report to the City Manager and City Council the following reports:

- A. Quarterly investment report (as per Government Code Section 53601) will include the type of investment, issuer, date of maturity, par, and dollar amount invested and market value for each security held by the City. The report shall state the source of the market value valuation and include a statement denoting the ability to meet the City's expected expenditure requirements for the next six months.
- B. An annual report setting forth a statement of investment policy.

VII. Authorized Financial Institutions and Broker/Dealers

- A. General criteria for the selection of financial institutions and broker/dealers shall be developed by the City Treasurer and reviewed by the City Investment Committee.
- B. Selection of financial institutions and broker/dealers shall be performed by authorized City staff under direction of the Executive Investment Committee. The City has an established formal procedure process in place for the selection of financial institutions and broker/dealers. As determined necessary by the Executive Investment Committee, the City will distribute a broker/dealer questionnaire to interested and known financial institutions and broker/dealers. The City Treasurer will maintain a list of qualified broker/dealers authorized to provide investment services to the City of Escondido. The list may include primary or regional dealers that are credit worthy and qualify under the uniform net capital rule of the Securities & Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to provide investment services must participate in the City's formal broker/dealer questionnaire process. To be considered, the financial institution or broker/dealers must supply the following as appropriate:

- Completed broker/dealer questionnaire
- Proof of National Association of Security Dealers (NASD) certification
- License to conduct business in the state of California
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Certification of having read and understood and agreeing to comply with the City of Escondido's investment policy
- Evidence of adequate insurance coverage

Qualified broker/dealers selected to do business with the City shall submit annually a current audited financial statement.

After the annual adoption of the City's Investment Policy by the City Council, a copy shall be sent to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the

City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

- C. General criteria for the selection of banks and savings and loans into which the City shall invest its funds shall be developed by the City Treasurer and reviewed by the City Investment Committee subject to the limitations set forth in this policy.
- D. Selection of specific institutions in which City funds may be invested shall be performed by authorized City staff under the direction of the Executive Investment Committee.
- E. Institutions in which City funds may be invested shall be classified by the City Treasurer and reviewed by the City Investment Committee. The classification shall determine the maximum dollar amount allowable for investment in the specified institution.

VIII. Safekeeping and Custody

To protect against potential losses by the collapse of individual securities dealers, all securities owned by the City shall be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of a custody agreement executed by the bank and the City. All securities will be received and delivered using standard delivery versus payment (DVP) procedures.

IX. Accountability and Authority

- A. The Escondido Municipal Code vests authority for and control of investments to the City Treasurer.
- B. The City Treasurer may delegate the authority to conduct investment transactions to qualified and competent officials and employees of the City. Daily management responsibility of the investment program has been delegated to the Revenue Manager, Finance Manager, and the Investment Officer, who shall establish procedures for operation consistent with the investment policy.

X. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally the City Treasurer, Revenue Manager, Finance Manager and the Investment Officer are required to annually file a Statement of Economic Interest as mandated by Government Code Section 91013.

XI. Internal Control

The Treasurer or his designee shall establish procedures for controlling daily investment transactions and monthly reconciliation of accounts. Separation of functions between the City Treasurer's Office and the Finance Department is designed to provide an internal review to prevent the potential for converting assets or concealing transactions. The investment portfolio and all related transactions are balanced to appropriate general ledger accounts by the Finance Department on a monthly basis. Such procedures and controls shall be subject to review and comments by the City's independent auditor.

XII. Authorized and Suitable Investments

A. Qualifying Investment Instruments Policy:

1. The following instruments are generally approved as qualifying investment instruments for City funds:
 - a. Obligations of the U.S. Government, its agencies, and instrumentalities.
 - b. Certificates of deposit with banks and savings and loans doing business in the State of California.
 - c. Prime Banker's Acceptances.
 - d. Prime Commercial Paper
 - e. Repurchase Agreements and Money Market Funds whose underlying collateral consists of the foregoing. (The City may invest in repurchase agreements with which the City has entered into a master repurchase contract, which specifies terms and conditions of repurchase agreements.)
 - f. Local Agency Investment Fund (LAIF) of the State of California.
 - g. San Diego County's Investment Pool for local agencies, which includes the purchase of Reverse Repurchase Agreements.
 - h. Pools and other investment structures incorporating investments listed in a through e.
2. Within the qualified investment instrument listing, the Executive Investment Committee may further define, qualify, and restrict use of City investment monies.
3. Additional investment instruments may be added by the City Treasurer from time to time but shall be reported in the next regular monthly report to the City Council and City Manager.
4. Investments of bond funds will be made in conformance with the trust indenture for each bond issue. Such investments will be held separately when required.

B. Diversification by Type of Investment:

The City is governed by California Government Code, Sections 53600 (et seq.). It shall be the policy of the City that investments shall be diversified with respect to the type of investment instruments used. Within the context of these limitations, the following investments are generally approved as qualifying investment instruments for City funds, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio, which can be invested in this category. The target for investing in items 1 and 2 following will be 80 percent of the portfolio. The percentage will fluctuate depending on market conditions, but in no case be lower than 70 percent. If the percentage falls below the 80 percent, the 80 percent target rate will be restored within six months.

2. Obligations issued by the United States Government Agencies such as the Government National Mortgage Association (GNMA), Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). Although there is no percentage limitation of the dollar amount that can be invested in these issues, the "prudent investor" rule shall apply for any single agency name.
3. Bills of exchange or time drafts drawn on and accepted by a commercial bank otherwise known as banker's acceptances. Purchases of banker's acceptances may not exceed 180 days to maturity or 20 percent of the market value of the portfolio. No more than ten percent of the market value of the portfolio may be invested in banker's acceptances issued by any one bank.
4. Commercial paper ranked P1 by Moody's Investor Services and A1 by Standard and Poor's, and issued by a domestic corporation having assets in excess of \$500 million and having an A or better rating on its long-term debentures as provided by Moody's or Standard and Poor's. Purchases of eligible commercial paper may not exceed 180 days to maturity or 15 percent of the market value of the portfolio. No more than ten percent of the market value of the portfolio may be invested in commercial paper issued by any one corporation.
5. Local Agency Investment Fund. The City may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum amount permitted by State Law. Investing in LAIF may not exceed 20 percent of the market value of the portfolio. When calculating this limit, the City does not include General Obligation Bond proceeds invested with LAIF. These bond proceeds are held separately to meet arbitrage regulations and are not part of our pooled investments. LAIF has traditionally limited investments to short-term government type bonds. Treasury staff reviews the LAIF statements quarterly to ensure that this practice is maintained.
6. Money market funds are limited to 20 percent of the market value of the portfolio. The funds must be rated in the highest category of Moody's or Standard and Poor's, or must be administered by a domestic bank with long-term debt rated in one of the top two categories of Moody's or Standard and Poor's. A thorough investigation of any money market fund or investment pool is required prior to investing, as well as on an ongoing basis. The following information should be obtained and analyzed:
 - a. A description of eligible investment securities.
 - b. A written statement of investment policies and objectives.
 - c. A description of interest calculation and their distribution, and the treatment of gains and losses.
 - d. A description of how the securities are safeguarded and how often the securities are priced and the program audited.
 - e. Information about the size and frequency of deposits and withdrawals allowed, and how much notice is needed for withdrawals.
 - f. A schedule for receiving statements and portfolio listings.
 - g. A fee schedule, as well as how and when the fees are assessed.

- h. The rating of the pool/fund.
- i. Information about investment advisers, including registration with the Securities and Exchange Commission, length of experience and total assets under management.

7. Ineligible Investments. Investments not described herein, including, but not limited to, common stocks and corporate bonds, are prohibited from use in this portfolio. Investments, which exceed five years in maturity, require authorization by City Council prior to purchase. Further, any investments, purchased after January 1, 1996, that are in the form of inverse floaters, range notes, or mortgage-derived interest-only strips are prohibited.

C. Diversification by Institution.

- 1. Not more than \$100,000 shall be placed in any qualifying institution unless collateralized in accordance with this policy.
- 2. All certificates of deposit investments shall be collateralized by government securities with a market value of 110 percent of the City's investment or mortgages in value equal to 150 percent of the City's investments. Each investment institution must meet specific financial criteria as determined by the Executive Investment Committee.
- 3. In no event may any institution have City investments exceeding \$5,000,000 without approval of the Executive Investment Committee. This restriction shall not apply for periods of seven days or less when the City is receiving substantial funds (e.g., proceeds of bond sales) or is consolidating funds for a major transaction.

D. Collateralization

- 1. An independent third party with whom the City has a current custodial agreement must always hold collateral.
- 2. State law regarding collateralization of deposits of public funds requires that securities must be held by an agent (i.e. a trust company) of the bank, which may include the bank's trust department, only if acceptable to both the bank and the Treasurer, pursuant to California Government Code Section 53656 and 53658. Under the provisions of California Government Code Section 53652, banks are required to secure the deposits of public funds, including certificates of deposits, by:
 - a) pledging government securities with a value of 110 percent of the principal and accrued interest;
 - b) pledging first trust deed mortgage notes having a value 150 percent of the total agency deposit; or
 - c) a letter of credit drawn on the Federal Home Loan Bank of 105 percent of the total agency deposit.Deposits must be secured at all times with eligible securities pursuant to section 53651.
- 3. Collateralization of repurchase agreements must be at least 102 percent of the market value of principal and accrued interest. Collateral must consist of U.S. Treasury obligations or U.S. Agency obligations. Other specific requirements on

repurchase agreements must be addressed in a master repurchase agreement of the City and the financial institution or broker/dealer.

XIII. Maturity Goals

1. Subject to the availability of funds, short-term investments (maturity of one year or less) of the City shall not be less than 50 percent of the General Fund annual operating budget of the City.
2. The percentage of the City's portfolio that may be invested intermediate term (maturity term over one year and not greater than five years) shall be determined by the City Treasurer based on cash requirements estimated by the Finance Director.
3. Long-term investments (over five years to maturity date) shall be made only after review and approval by the City Council. Accordingly, no fixed percentage of the City's portfolio is designed for long-term investments.
4. Additional and/or clarifying maturity guidelines shall be adopted from time to time as devised by the City Treasurer and reviewed by the City Investment Committee.

XIV. Policy Review

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield, and its relevance to current law and financial and economic trends. The City of Escondido's investment policy shall be approved by the City Council on an annual basis.

XV. Investment Procedures

The City Treasurer and his/her delegated staff shall establish written investment policy procedures for the day-to-day operations of the investment program consistent with this policy. The procedures should include reference to cash balancing, safekeeping, wire transfer agreements, collateral/depository agreements, and the selection process for financial institutions and broker/dealers. The procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

XVI. Investment Strategy and Performance Standards

The City's investment strategy is passive (buy and hold.) Given this strategy, the basis used by the City Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the City's portfolio investment duration. Given the liquidity objective (50% of general fund operating budget shall be invested one year or less) and the portfolio duration, the 2-Year U.S. Treasury Note shall be the City's selected benchmark.

APPENDIX
CITY OF ESCONDIDO
INVESTMENT PROCEDURE MANUAL

Purpose

The purpose of these guidelines is to help create a Procedure Manual to assist Treasury staff with day-to-day investment operations.

References and subjects at the beginning of each section refer to elements in the Investment Policy.

Cash Review

- I. Policy
- II. Scope
- IX. Accountability and Authority

The Treasurer or his/her designee, referred to as Investment Officer, Finance Manager or Revenue Manager, must review the cash balances and investment portfolio daily, or as needed. Items to be reviewed should include:

- a) Balance of City of Escondido's General Account
- b) Maturing Investments (includes all investments)
- c) Large incoming wires from the State, County and other miscellaneous agencies
- d) Large outgoing wires such as debt service payments and routine wires such as San Diego County Water Authority, Kaiser, and Workers' Compensation Service provider and any other routine that may be added
- e) Accounts payable and payroll disbursements

Investment Selection

- III. Prudence
- IV. Objective
- XII. Authorized and Suitable Investments
- XII B. Diversification
- XIII. Maturity Goals

The Treasurer or designee determines how much of the cash balance is available for investment and selects the area of the yield curve that most closely matches the required maturity date based on cash flow needs.

In determining the maturity date, the Investment Officer or other Treasurer designee, should consider liquidity, cash flow and expected expenditures. A review of some of the following sources should determine whether the investments should be placed to match projected expenditures or shorter, or take advantage of current and expected interest rate environments

- a) Review daily business publications and commentaries from financial institutions and brokers.
- b) Read publications, Wall Street Journal and watch media (CNBC) for general trends of economic interests.
- c) Input from approved broker/dealers.

Purchasing an Investment

- VII. Authorized Financial Institutions and Broker/Dealers
- VIII. Safekeeping and Custody
- XII. Authorized and Suitable Investments
- XII B. Diversification of Investments
- XIII. Maturity Goals

Financial institutions are selected through a "Request for Proposal" (RFP) process. Broker/dealers are selected through a formal questionnaire process, which helps provide the following evaluation:

- a) Financial conditions, strength and capability to fulfill commitments.
- b) Overall reputation with other investors.
- c) Regulatory status of the broker/dealer (all providers).
- d) Background and expertise of the individual representative.

Selection of financial institutions and broker/dealers shall be performed by authorized City staff under direction of the Executive Investment Committee. The City has an established formal procedure process in place for the selection of financial institutions and broker/dealers. Every three to five years the City will distribute a broker/dealer questionnaire to interested and known financial institutions and broker/dealers. The City Treasurer will maintain a list of qualified broker/dealers authorized to provide investment services to the City of Escondido. The list may include primary or regional dealers that are credit worthy and qualify under the uniform net capital rule of the Securities & Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to provide investment services must participate in the City's formal broker/dealer questionnaire process. To be considered, the financial institution or broker/dealers must supply the following as appropriate:

- Completed broker/dealer questionnaire
- Proof of National Association of Security Dealers (NASD) certification
- License to conduct business in the state of California
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Certification of having read and understood and agreeing to comply with the City of Escondido's investment policy
- Evidence of adequate insurance coverage

Qualified broker/dealers selected to do business with the City shall submit annually current audited financial statement.

After the annual adoption of the City's investment policy by the City Council, a copy shall be sent to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

The Investment Officer or other Treasurer designee shall be as specific as possible in requesting the offering in purchasing a security. If a particular type of investment or a particular agency is to be excluded due to policy limitations that should be stated to the providers. If collateral is required (i.e. for Repo's or CD's) the collateral limitations (excess margin, types of securities, maximum maturity, etc.) should be specified. The City may invest in repurchase agreements provided it has a signed master repurchase contract, which specifies terms and conditions of repurchase agreements.

The following must be determined prior to contacting the providers:

- a) Settlement – cash, regular (next day), corporate (3 business days) or when-issued if a new issue.
- b) Amount – either par value or total dollars to be invested.
- c) Type of security to be purchased or type to be excluded.
- d) Targeted maturity or maturity range.
- e) Time limit to show offering – 5 minutes, 15 minutes, or a specified time.

If choosing an external pool or (LAIF or Money Market) as the preferred investment vehicle at the time, the following should be available for inspection prior to purchase and at reasonable time thereafter:

- a) LAIF written investment policy and a copy of the "LAIF ANSWER BOOK" (which contains detailed information about LAIF).
- b) A prospectus for the Money Market funds or bank-managed funds.
- c) The balance of the LAIF account is reviewed to adhere to the City's investment pool limit – not to exceed 20% of the market value of the City's portfolio.

Before concluding the transaction, the following should be validated:

- a) The security selected for purchase meets all criteria, including portfolio-diversification, collateralization (if appropriate) and maturity. If the security has any imbedded options such as call provisions or coupon adjustments, these should also be reviewed. Current practice is to buy bullet securities, no callables. The strategy is buy and hold.
- b) Verify yield.
- c) Total purchase cost (including accrued interest) does not exceed funds available for investment.
- d) Advise the successful provider that their offering has been selected for purchase.
- e) After confirmation of the purchase, as a courtesy, notify the other broker/dealers that you have placed the investment. Best price may be disclosed if the other broker/dealers ask.

After consummation of the transaction, and prior to settlement date, the following information should be confirmed with the provider in order to ensure prompt and uninterrupted settlement:

- a) Reconfirm amounts of transaction (principal, accrued interest if any total cost).
- b) Reconfirm settlement date.
- c) Acquire CUSIP number of security, if applicable.
- d) Obtain a copy of the Bloomberg (trade ticket plus description page).

All qualified broker/dealers have the City's delivery instructions, which consist of the following:

- a) Name of third-party safekeeping agent (currently Union Bank of California, contact person is Calvin Tom)
- b) ABA number of safekeeping agent.
- c) Safekeeping account number.

Settlement and Follow-Through

IX. Accountability and Authority

The Treasurer or other designee should forward to the safekeeping agent, by fax or e-mail, detailed information regarding investment transaction. The detailed information of the purchased security will consist of:

- a) Type of security.
- b) Par amount, stated coupon, interest yield, maturity date, and CUSIP number.
- c) Specified dollar amount (principal amount, accrued interest, if applicable, and total cost).
- d) Note the broker of the investment transaction.
- e) Signature of the Investment Officer.

A phone call should be made to the safekeeping agent to inform of purchase and confirm receipt of the investment information. When applicable the following should be verified:

- a) Provision of receipt or disbursement of funds.
- b) Internal transfer or wiring of funds.
- c) Written validation from safekeeping agent.
- d) Notification of discrepancy prior to acceptance or rejection of the transaction.
- e) Immediate notification if a fail has occurred: by provider if they are responsible, by safekeeping agent if they are responsible.
- f) That all verbal and written verifications have been forwarded to and received from applicable parties to ensure that transaction was successfully executed.

Investment Strategy and Performance Standards

XVI. Accountability and Authority

The City's strategy is buy and hold (passive v. active). The strategy is to ladder out the portfolio five years, taking cash flow into consideration. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the City's portfolio investment duration. The 2-Year U.S. Treasury Note shall be the City's benchmark.

GLOSSARY OF TERMS

Agencies — agencies of the federal government set up to supply credit to various classes of institutions (e.g., S&Ls, small business firms, students, farmers, housing agencies, etc.)

Amortized Cost — cost of investments adjusted for premiums and discounts. Amortized cost is used to maintain comparability with market value.

Arbitrage Regulation — law to control the use of profit making by purchasing securities on one market for immediate resale on another in order to profit from a price difference.

Asked — the price at which securities are offered.

Bankers Acceptance (BA) — a draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark — a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid — price a prospective buyer is ready to pay.

Bond Indenture — written agreement specifying the terms and conditions for issuing bonds, stating the form of the bond being offered for sale, interest to be paid, the maturity date, call provisions and protective covenants, if any, collateral pledged, the repayment schedule, and other terms. It describes the legal obligations of a bond issuer and the powers of the bond trustee, who has the responsibility for ensuring that interest payments are made to registered bondholders.

Book value — a term synonymous with amortized cost.

Broker/Dealer — individual or firm acting as principal in securities transaction.

Buy and Hold Strategy — investments in which management has the positive intent and ability to hold each issue until maturity.

Callables — securities that the issuer has the right to redeem prior to maturity.

Certificates of Deposit (CD) — a time deposit with a specific maturity evidenced by a certificate.

Collateral — securities pledged to secure repayment of a loan.

Commercial Paper — short-term IOU, or unsecured money market obligation, issued by prime rated commercial firms and financial companies, with maturities from 2 days up to 270 days. It is a promissory note of the issuer used to finance current obligations, and is a negotiable instrument.

Comprehensive Annual Financial Report (CAFR) — an annual financial report that contains at a minimum, three sections: introductory, financial and statistical, and whose financial section provides information on each individual fund and component unit. (Definition source: 2005 Governmental Accounting, Auditing, and Financial Reporting (GAAFR))

Coupon — a) the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) a certificate attached to a bond evidencing interest due on a payment date.

Custody — a banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Debenture — a bond secured only by the general credit of the issuer.

Delivery vs. Payment — there are two methods of delivery of securities: Delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with a simultaneous exchange of money. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Derivatives — a) financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor; b) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Discount — the difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities — non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

Diversification — dividing investment funds among a variety of securities offering independent returns.

Executive Investment Committee — a committee chaired and appointed by the City Treasurer to oversee the day-to-day investment program of the City.

Federal Credit Agencies — agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

Federal Deposit Insurance Corporation (FDIC) — a federal agency that insures bank deposits. Current deposit coverage increased from \$100,000 to \$250,000 per depositor in 2008. Coverage returns to \$100,000 after December 31, 2013.

Federal Farm Credit Bank System (FFCB) — created by Congress in 1916, this nationwide system of banks and associations provides mortgage loans, credit and related services to

farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The banks of the Farm Credit System issue securities on a consolidated basis through the Federal Farm Credit Banks Funding Corporation.

Federal Funds Rate — the rate of interest associated with borrowing a Federal Reserve Bank's excess reserves. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Bank System (FHLB) — created in 1932, this system consists of 12 regional banks, which are owned by private member institutions and regulated by the Federal Housing Finance Board. Functioning as a credit reserve system, the system facilitates extension of credit through its owner-members in order to provide access to housing and to improve the quality of communities. Federal Home Loan Bank issues are joint and several obligations of the 12 Federal Home Loan Banks and issued through the Federal Home Loan Banks Office of Finance.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) — a stockholder-owned corporation established by Congress in 1970 to provide a continuous flow of funds to mortgage lenders, primarily through developing and maintaining an active nationwide secondary market in conventional residential mortgages. Freddie Mac purchases a large volume of conventional residential mortgages and uses them to collateralize mortgage-backed securities. Freddie Mac is a publicly held corporation; its stock trades on the New York Stock Exchange. Effective in 2008, the FHLMC was placed under U.S. Government conservatorship through the Federal Housing Finance Authority agency.

Federal National Mortgage Association (FNMA or Fannie Mae) — a federally chartered but privately owned corporation which traces its roots to a government agency created in 1938 to provide additional liquidity to the mortgage market. Fannie Mae carries a congressional mandate to promote a secondary market for conventional and FHA/VA single- and multifamily mortgages. Fannie Mae is a publicly held company whose stock trades on the New York Stock Exchange. Effective in 2008, the FNMA was placed under U.S. Government conservatorship through the Federal Housing Finance Authority agency.

Federal Open Market Committee (FOMC) — a committee that sets interest rate and credit policies for the Federal Reserve System, the United States' central bank. The FOMC has 12 members. Seven are the members of the Federal Reserve Board, appointed by the president of the United States. The other five are presidents of the 12 regional Federal Reserve banks. Of the five, four are picked on a rotating basis; the other is the president of the Federal Reserve Bank of New York, who is a permanent member. The committee decides whether to increase or decrease interest rates through open market operations of buying or selling government securities. The committee's decisions are closely watched and interpreted by economists and stock and bond market analysts, who try to predict whether the Fed is seeking to tighten credit to reduce inflation or to loosen credit to stimulate the economy.

Federal Reserve System — system established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their branches, and all national and state that are a part of the system. The Federal Reserve System's main functions are to regulate the national money

supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for transfer of funds throughout the banking system, and examine member banks to make sure they meet various Federal Reserve regulations.

Government National Mortgage Association (GNMA or Ginnie Mae) — government-owned corporations, nicknamed Ginnie Mae, which is an agency of the U.S. Department of Housing and Urban Development. Security holder is protected by full faith and credit of the U.S. government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass throughs" is often used to describe Ginnie Maes.

Interest Rate Risk — the risk that investments will lose market value because of increases in market interest rates. A rise in market interest rates will cause the market value of investments made earlier at lower interest rate to lose value. The reverse will cause a gain in market value.

Intermediate Maturity — investment period greater than one year but less than five years and one day.

Investment Committee — a committee chaired by the City Treasurer to advise the City Treasurer on policies governing the City's investment program.

Laddered Portfolio — bond investment portfolio with securities in each maturity range (e.g. monthly) over a specified period of time (e.g. five years).

Leverage — investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

Liquidity — the ability to turn an asset into cash. The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

Local Agency Investment Fund (LAIF) — the aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Long-Term Maturity — investment period greater than five years.

Long-Term Investment — maturity on investment greater than five years, as of the date of purchase.

Market Value — the price at which a security is trading, usually the liquidation value.

Master Repurchase Agreement — a written contract covering all future transactions between the parties to repurchase reverse repurchase agreements that establish each party's rights in the transactions. A master repurchase agreement will often specify the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity — the date upon which the principal or stated value of an investment becomes due and payable.

Modified Duration — a measure of the sensitivity that the value of a fixed-income security has to changes in market rates of interest. Modified duration is the best single measure of a

portfolio's or security's exposure to market risk. Modified duration identifies the potential gain/loss in value before the gain/loss actually occurs. It is a prospective measurement, e.g., a modified duration of 1.5 indicates that when and if a 1% change in market interest rates occurs, a 1.5% change in the value of a security will result. Investments with modified durations of one to three are considered to be relatively conservative.

Money Market — the market in which short-term debt instruments (Treasury bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Offer — price at which someone who owns a security offers to sell it, also known as the asked price.

Open Market Operations — activities by which the Securities Department of the Federal Reserve Bank of New York, popularly called the desk, carries out instructions of the Federal Open Market Committee designed to regulate the money supply. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Pooled Investment — grouping of sources for the common advantage of the participants.

Portfolio — collection of securities held by an investor.

Primary Dealer — investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Fed Open Market Operations. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

Prudent Person Rule — standard adopted by some U.S. states to guide those with responsibility for investing money of others. Such fiduciaries, such as trustees, must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. States not using the prudent-man system use the *legal list* system, allowing fiduciaries to invest only in a restricted list of securities, called the *legal list*.

Qualified Investment — an investment instrument (such as an insured certificate of deposit of \$100,000 with California chartered savings and loan), which is approved by this policy or pursuant to procedures set forth in this policy.

Range Note — an investment instrument that pays a high interest rate, if a given index falls within a stipulated range, but pays no interest if the stipulated index falls outside that range.

Rate of Return — the yield obtainable on security based on its purchase price or its current market price.

Repurchase Agreement (RP or REPO) — agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities as an agreed upon price and usually, at a stated time. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

Required Reports — Section 53646 of the California Government Code specifies that certain information may be periodically transmitted to the City's governing body and chief executive officers by the City's chief fiscal or investment officer .

Safety — the ability of a security issuer to guarantee redemption of their security.

Safekeeping — see custody

Secondary Market — a market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission — agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15C3-1 — see Uniform Net Capital Rule.

Short-term Maturities — investment period of one year or less.

Student Loan Marketing Association (SLMA or Sallie Mae) — a government sponsored entity created to provide liquidity for private lenders (banks, savings and loan associations, educational institutions, state agencies and other lenders) participating in the federal Guaranteed Student Loan Program, supplemental loan programs, the Health Education Assistance Loan Program and/or the PLUS loan program for parents of undergraduates. Established by the Higher Education Act of 1965, Sallie Mae is owned by its stockholders, and its shares trade on the New York Stock Exchange. The agency purchases student loans, makes warehousing advances and offers forward commitments for both instruments. It offers participations, or pooled interests, in loans and assists in financing student loans either as a direct lender or as a source of funds to eligible guarantee agencies or other lenders. Sallie Mae issues unsecured debt in the form of discount notes, floating-rate notes, long-term fixed-rate securities and zero-coupon bonds. In 1997 Sallie Mae began the process of unwinding its status as a GSE; until this multi-year process is completed, all debt issued by Sallie Mae under its GSE status will be "grandfathered" as GSE debt until maturity.

Tennessee Valley Authority (TVA) — a wholly owned corporation of the U.S. government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the Treasury of up to \$150 million.

Treasury Bills — a non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Treasury Bills have a maturity of one year or less.

Treasury Bonds — long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

Treasury Notes — medium-term coupon bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from one to ten years.

Uniform Net Capital Rule — Securities and Exchange Commission requirement that all SEC registered broker/dealers maintain sufficient liquid resources to promptly satisfy their liabilities, including all claims by customers, creditors and other broker-dealers. The rule requires broker-dealers to maintain the greater of (1) a specified percentage of net capital as it relates to either total broker indebtedness or total customer receivables, or (2) a specified dollar amount.

Yield -The annual rate of return on an investment generally expressed as a percentage of the securities current price.



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. 2003-_____ File No. _____

Ord No. 2003-_____

Agenda Item No.: 5
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Sheryl Bennett, Director of Human Resources
SUBJECT: Amendment to the Memorandum of Understanding between the City of Escondido and the Maintenance and Operations Unit, Teamsters Local 911

RECOMMENDATION:

City Council adopt Resolution 2011-81 approving the successor Memorandum of Understanding between the City and the Escondido Maintenance and Operations Unit for a for a two-year term commencing July 1, 2011 through June 30, 2013.

As a result of approving a new Memorandum of Understanding, adopt Resolution No. 2011-87 pertaining to paying and reporting the value of the seven percent (7%) Employer Paid Member Contribution.

FISCAL ANALYSIS:

General Fund

Approval of this contract will result in cost savings to the General Fund of \$70,730 in fiscal year 2011-12. The second year of this contract will result in a cost to the General Fund of \$69,135 and will be funded by reserves. Please refer to Attachment A, the General Fund Sources and Uses Update Schedule, to see how approval of this contract affects the General Fund operating budget in fiscal year 2012-13.

All Other Funds

For all other funds of the City, approval of this contract will result in cost savings of \$226,130 in fiscal year 2011-12. In fiscal year 2012-13, this contract will result in a cost of \$256,605 and will be covered by fund balance of the fund in which the employee is paid.

PREVIOUS ACTION:

On August 18, 2010, the City Council approved an amendment to the Memorandum of Understanding extending the term of the Memorandum of Understanding to June 30, 2011.

BACKGROUND:

City staff has met and conferred with the Maintenance and Operations Unit, Teamsters Local 911, regarding pension reform and other cost-saving measures to the terms of the Memorandum of Understanding that expired on June 30, 2011. Attached Resolution No. 2011-81 outlines changes to working conditions and compensation that have been agreed to during this negotiation process.

M&O Bargaining Unit
June 22, 2011
Page 2

Tentative agreement on issues before the negotiating group was reached on May 31, 2011. Members of the Bargaining Unit have voted in support of the agreement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sheryl Bennett', written over a circular stamp or seal.

Sheryl Bennett
Director of Human Resources

**City of Escondido
General Fund
Sources and Uses Update**

Attachment A

<u>Sources of Funds:</u>	11/12	12/13	M&O Labor Contract	Revised 12/13
Estimated Revenue	\$ 72,081,425	\$ 73,741,000		\$ 73,741,000
Transfer from Cable Technology Fund	11,000	11,000		11,000
Transfer from Daley Ranch Restoration Fund	30,000	30,000		30,000
Transfer from Gas Tax	2,000,000	2,000,000		2,000,000
Transfer from Heygi Trust Fund	2,000	2,000		2,000
Transfer from Ryan Trust-Library/Pioneer Room	42,760	42,760		42,760
Transfer from Warehouse	150,000	-		-
Transfer from Wastewater	25,000	25,000		25,000
TOTAL, Sources	\$ 74,342,185	\$ 75,851,760	\$ -	\$ 75,851,760

<u>Uses of Funds:</u>	11/12	12/13	M&O Labor Contract	Revised 12/13
General Fund Operating Budget	\$ 72,543,740	\$ 72,543,740	\$ 69,135	\$ 72,612,875
Pension Reform	-	(380,000)		(380,000)
Transfer to Center for the Arts Fund	1,159,630	1,159,630		1,159,630
Transfer to Reidy Creek Golf Course Debt Service Fund	348,015	348,015		348,015
Transfer to Vehicle Parking District Fund	78,800	78,800		78,800
Advance Payback to Wastewater-Principal	212,000	212,000		212,000
Increase in Medical/Dental	-	390,000		390,000
Increase in Benefits Administration	-	20,000		20,000
Increase in Workers' Compensation	-	450,000		450,000
Increase in Internal Service Charges	-	165,000		165,000
Decrease in Allocations Out	-	100,000		100,000
Increase in PERS Rates	-	340,000		340,000
Increase in Reserve	-	424,575	(69,135)	355,440
TOTAL, Uses	\$ 74,342,185	\$ 75,851,760	\$ -	\$ 75,851,760

RESOLUTION NO. 2011-81

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF ESCONDIDO,
CALIFORNIA, APPROVING THE
MEMORANDUM OF UNDERSTANDING
WITH THE TEAMSTERS LOCAL 911,
MAINTENANCE AND OPERATIONS
UNIT

JULY 1, 2011 – JUNE 30, 2013

WHEREAS, negotiating teams from the City of Escondido ("City") and the Teamsters Local 911 ("Union") have been duly appointed and have been conducting meet-and-confer sessions with respect to cost-saving matters affecting both parties; and

WHEREAS, a successor Memorandum of Understanding ("MOU") by the City of Escondido ("City") and the Teamsters 911 ("Union") is necessary as a result of meeting and conferring in good faith concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, it is the intent of the underlying MOU to provide for continuation of the harmonious relationship between the City and the Union; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a successor MOU and certain other modifications.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. The City's negotiating team is authorized to execute, on behalf of the City, a successor MOU for a term of July 1, 2011, through June 30, 2013, and also including terms as set forth in Exhibit "A," attached to this resolution and incorporated by this reference.

Exhibit "A"

**City of Escondido
Maintenance and Operations Bargaining Unit
Teamsters Local 911
Successor Memorandum of Understanding
July 1, 2011– June 30, 2013**

1. **Term:** July 1, 2011 - June 30, 2013

2. **Existing MOU Modifications:**

Changes to the MOU that were implemented on August 18, 2010 will remain in place until terminated, per City Council Resolution 2010-124. Such changes are as follows and will be incorporated into the successor MOU as appropriate:

- Suspension of step increases (except as detailed in Item #6).
- Suspension of new certification pay.
- Suspension of class progressions, with the exception of vacated progressive positions, in which the hiring department may choose to progress a current qualified incumbent who is frozen at a lower class level - per side letter dated November 8, 2010. This side letter will remain active for the term of the MOU.
- Suspension of 401(k) City contribution.
- Self-Directed Furlough and equivalent total salary reduction of 4.36%.

3. **Article VI – Employee Benefits Program, Section 7, California Public Employee's Retirement System (CALPERS):**

Effective June 26, 2011 (pay period ending July 9, 2011), current Maintenance and Operations Bargaining Unit employees will make 100% of the statutory employee contribution to CALPERS, which will be applied to the Employees' Contribution and is currently eight percent (8.0%). The City will cease paying and reporting the value of the seven percent (7.0%) Employer paid Member Contribution (EPMC). These contributions will be on a pre-tax basis.

4. **Article VI – Employee Benefits Program, Section 7, California Public Employee's Retirement System (CALPERS):**

Implement a second tier retirement system under Government Code Section 20475, for newly hired employees. This second tier will be activated as soon as administratively possible after all miscellaneous employee groups have completed the meet-and-confer process on this subject. The following will be applicable to the second tier:

- 2% @ 60 retirement calculation.
- Employees make 100% of the statutory employee contribution to CalPERS, currently 7.0%.
- There will be no final-year concession of said payments to compensation for CalPERS benefit calculation purposes ("EPMC").
- The use of average highest three years calculation.

5. Article IV – Compensation Policy, Section 1, Wages, Salary Range Increases:

Effective June 26, 2011 (pay period ending July 9, 2011), the salary range for all represented classifications shall be increased by four percent (4%). This salary increase is concurrent with the employee payment of the entire eight percent (8%) normal member contribution required to be paid by a PERS member on a pre-tax basis.

Effective pay period closest to January 1, 2013, the salary range for all represented classifications shall be increased by one percent (1%).

6. Article IV – Compensation Policy, Section 1, Wages, Salary Step Implementation:

Effective pay period closest to July 1, 2012, one salary step will be implemented for employees who currently have frozen salary steps. The unfreezing of one frozen five percent (5%) salary step will not affect the employees' anniversary or service dates. All subsequent step increases remain frozen for the term of the MOU.

7. Article IV – Compensation Policy, Section 1, Wages, Self-Directed Furlough Program (SDFP):

Effective June 26, 2011 (pay period ending July 9, 2011), all furlough hours will be calculated on a per pay-period basis and deposited into the employees' Self-Directed Furlough Bank. All other provisions within this Article will remain as previously outlined. The accrual rate will be 2.144 hours per pay period. The total annual furlough hours are 55.74.

8. Reinstatement of "Bumped Down" Employees:

Effective June 26, 2011 (pay period ending July 9, 2011), four employees who were laid-off and subsequently exercised their bumping rights by demoting into a lower job they previously performed will be reinstated to the position they held prior to layoffs.

9. Article VI – Employee Benefits Program, Section 1B, Health Insurance:

The Health Insurance Committee (HIC) will commence its annual review of medical and dental insurance plans and the related designs of the various plans available to employees. Consistent with the MOU, the HIC may consider changes in health and dental plan design that may increase to cost to covered employees in such areas as doctor visit co-pays, prescription co-pays, etc.

Effective January 1, 2013, any premium increase over the January 1, 2012 rates will be shared 50/50 between the Union and the City. If a rate increase is realized for the January 1, 2013 rates, the premium cost-share increase will be attributed to the level of coverage in the 2012 structure.

The current rates, beginning January 1, 2011:

Kaiser:

	<u>City</u>	<u>Employee</u>	
Employee Only	\$349.48	\$14.34	per month
Employee + One	\$698.96	\$28.68	per month
Family Coverage	\$986.59	\$43.02	per month

Blue Cross:

	<u>City</u>	<u>Employee</u>	
Employee Only	\$349.48	\$116.32	per month
Employee + One	\$698.96	\$279.22	per month
Family Coverage	\$986.59	\$410.82	per month

10. Article IV – Compensation Policy, New Section, Water Service Representative Certification Pay:

Effective June 26, 2011 (pay period ending July 9, 2011), the City agrees to provide specialty pay of five percent (5%) for Water Service Representatives holding a State of California certification above the level required for their current classification. As new certification pay is frozen during the term of this MOU, the incumbent would only be eligible for this specialty pay at the time in which certification pay is reinstated.

11. MOU Language Clean Up:

- Article VI, Employee Benefits Program, Section 7, Remove last bullet (pg. 22)
- Article XIII, Leave of Absence Without Pay, remove second paragraph (pg. 34)
- Article XIII, Leave of Absence Without Pay, last paragraph (pg. 35) should read - "With regards to benefits, all employer paid premiums will discontinue when paid leave time is exhausted at the end of the month. Employees will be offered continued coverage at their own expense through COBRA or other continued coverage options."
- Article XIV, Maternity/Paternity Leave:
 - Section D, change "not to exceed six months" to "in accordance with state and/or federal regulations" (pg.36)
 - Section F, (pg. 36), same as "D"
 - Section G. (pg. 36), change to a maximum of six months.

12. Article XXIV – Management Rights, Efficiencies of City Services:

The City is in the process of analyzing efficiencies as to the means and methods of governmental operations. If it is determined that the City is to outsource or contract services, the City will meet and confer over the decision and effects as it relates to any services that specifically pertains to personnel represented by the Teamsters.

13. Personnel Rules and Regulations Review Committee:

The City has drafted an updated Personnel Rules and Regulations document. Human Resources, the City Attorney's Office, and two representatives from each employee group shall meet on a regular basis to finalize and implement the updated Personnel Rules and Regulations.

14. New Article - MOU Reopeners:

A. Healthcare Reform

At such time as regulations are issued implementing the Affordable Care Act (ACA), the City and Teamsters will meet and confer to review the impact of such regulations on the benefits plans then in force. If modifications to the benefits, eligibility for coverage, employer or employee contribution to the cost of insurance or any other provisions of the benefit plans covered by this MOU will be modified by the ACA during the term of this agreement, it is agreed that the City and Teamsters will reopen the contract to meet and confer and determine how such mandated changes will be implemented.

B. Personnel Rules and Regulations

The final product of the Review Committee will be brought to the Teamsters for finalization.



CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. 2003-_____ File No. _____

Ord No. 2003-_____

Agenda Item No.: 6
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Sheryl Bennett, Director of Human Resources
SUBJECT: Amendment to the Memorandum of Understanding between the City of Escondido and the Maintenance and Operations Unit, Teamsters Local 911

RECOMMENDATION:

City Council adopt Resolution 2011-81 approving the successor Memorandum of Understanding between the City and the Escondido Maintenance and Operations Unit for a for a two-year term commencing July 1, 2011 through June 30, 2013.

As a result of approving a new Memorandum of Understanding, adopt Resolution No. 2011-87 pertaining to paying and reporting the value of the seven percent (7%) Employer Paid Member Contribution.

FISCAL ANALYSIS:

General Fund

Approval of this contract will result in cost savings to the General Fund of \$70,730 in fiscal year 2011-12. The second year of this contract will result in a cost to the General Fund of \$69,135 and will be funded by reserves. Please refer to Attachment A, the General Fund Sources and Uses Update Schedule, to see how approval of this contract affects the General Fund operating budget in fiscal year 2012-13.

All Other Funds

For all other funds of the City, approval of this contract will result in cost savings of \$226,130 in fiscal year 2011-12. In fiscal year 2012-13, this contract will result in a cost of \$256,605 and will be covered by fund balance of the fund in which the employee is paid.

PREVIOUS ACTION:

On August 18, 2010, the City Council approved an amendment to the Memorandum of Understanding extending the term of the Memorandum of Understanding to June 30, 2011.

BACKGROUND:

City staff has met and conferred with the Maintenance and Operations Unit, Teamsters Local 911, regarding pension reform and other cost-saving measures to the terms of the Memorandum of Understanding that expired on June 30, 2011. Attached Resolution No. 2011-81 outlines changes to working conditions and compensation that have been agreed to during this negotiation process.

M&O Bargaining Unit
June 22, 2011
Page 2

Tentative agreement on issues before the negotiating group was reached on May 31, 2011. Members of the Bargaining Unit have voted in support of the agreement.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Sheryl Bennett', written over a circular stamp or seal.

Sheryl Bennett
Director of Human Resources

**City of Escondido
General Fund
Sources and Uses Update**

Attachment A

<u>Sources of Funds:</u>	11/12	12/13	M&O Labor Contract	Revised 12/13
Estimated Revenue	\$ 72,081,425	\$ 73,741,000		\$ 73,741,000
Transfer from Cable Technology Fund	11,000	11,000		11,000
Transfer from Daley Ranch Restoration Fund	30,000	30,000		30,000
Transfer from Gas Tax	2,000,000	2,000,000		2,000,000
Transfer from Heygi Trust Fund	2,000	2,000		2,000
Transfer from Ryan Trust-Library/Pioneer Room	42,760	42,760		42,760
Transfer from Warehouse	150,000	-		-
Transfer from Wastewater	25,000	25,000		25,000
TOTAL, Sources	\$ 74,342,185	\$ 75,851,760	\$ -	\$ 75,851,760

<u>Uses of Funds:</u>	11/12	12/13	M&O Labor Contract	Revised 12/13
General Fund Operating Budget	\$ 72,543,740	\$ 72,543,740	\$ 69,135	\$ 72,612,875
Pension Reform	-	(380,000)		(380,000)
Transfer to Center for the Arts Fund	1,159,630	1,159,630		1,159,630
Transfer to Reidy Creek Golf Course Debt Service Fund	348,015	348,015		348,015
Transfer to Vehicle Parking District Fund	78,800	78,800		78,800
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Increase in Internal Service Charges	-	165,000		165,000
Decrease in Allocations Out	-	100,000		100,000
Increase in PERS Rates	-	340,000		340,000
Increase in Reserve	-	424,575	(69,135)	355,440
TOTAL, Uses	\$ 74,342,185	\$ 75,851,760	\$ -	\$ 75,851,760

RESOLUTION NO. 2011-87

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
FOR EMPLOYER PAYING AND REPORTING
THE VALUE OF MEMBER CONTRIBUTIONS
FOR TEAMSTERS LOCAL 911
MAINTENANCE AND OPERATIONS
BARGAINING UNIT

WHEREAS, the Escondido City Council has the authority to implement or change Government Code Section 20636(c)(4) pursuant to Section 20691; and

WHEREAS, the Escondido City Council has a written labor agreement which specifically eliminates the current seven percent (7%) employer member contributions paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to change Government Section 20691 is the adoption by the governing body of the Escondido City Council of a Resolution to cease paying and reporting the value of said seven percent (7%) Employer Paid Member Contributions (EPMC); pursuant to CCR Title 2 Section 571(a)(1); and

WHEREAS, the Escondido City Council has identified the following conditions for the purpose of its election to no longer pay EPMC:

This shall apply to all Teamsters Local 911 Maintenance and Operations Bargaining Unit Association employees.

The employer shall cease paying and reporting seven percent (7%) employer member contributions paid by the employer and reported as additional compensation.

The effective date of this Resolution shall be June 26, 2011.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California:

1. That the above recitations are true.
2. That the City Council hereby elects to cease paying and reporting seven percent (7%) employer member contributions paid by the employer and reported as additional compensation, as set forth above.

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 7
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council
FROM: Michael Lowry, Fire Chief
SUBJECT: Heritage Program Fireman's Fund and Allianz Grant

RECOMMENDATION:

It is requested that Council accept \$7,855 in funding from the Fireman's Fund Insurance Company to purchase rescue equipment for the truck company. It is also requested that Council authorize the Fire Chief to execute, on behalf of the City, all documents required for the management of this grant and that Council approve the necessary budget adjustment to establish a new project for the tracking of this grant.

FISCAL ANALYSIS:

The Fireman's Fund grant is fully funded and does not require any matching funds. Therefore, the City will be reimbursed for all expenditures up to the grant award amount of \$7,855.

PREVIOUS ACTION:

In February 2009 the City of Escondido was awarded \$20,000 from the Fireman's Fund to purchase the following items:

- Intercom communications equipment which allow firefighters to communicate with one another inside the fire engine
- Voice amplifiers which allow firefighters to communicate face-to-face while wearing self-contained breathing apparatus
- An Amkus power plant with extension hoses for the "Jaw of Life"
- An Apollo monitor with base which allows firefighters to apply large volumes of water during firefighting operations
- A Honda generator which provides power to electrical equipment such as lights and power tools used on an emergency scene

BACKGROUND:

In 2004, Fireman's Fund launched the Heritage Program to support firefighters for safer communities, renewing the company's founding mission to give a portion of profits to support the fire service. Through their employees and independent agencies, Fireman's Fund awards millions of dollars in grants to fire departments and fire and burn prevention non-profits for needed equipment, training and community education programs. In 2008, the Heritage Program expanded to their sister company, Allianz Life Insurance Company of North America, which allowed them to increase their impact to support the fire service.

SUMMARY:

This grant award of \$7,855 will be used to purchase Paratec High Pressure Air Bags. These air bags are used in conjunction with high-pressure air bottles and hoses to remove trapped people from vehicle accidents, building collapse and anywhere imaginable. When funded, this grant will allow the Escondido Fire Department to retire out-of-date equipment and provide new equipment to rescue citizens and visitors in Escondido and surrounding areas.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Lowry", with a stylized flourish at the end.

Michael Lowry
Fire Chief

CITY COUNCIL

For City Clerk's Use:

APPROVED DENIED

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 8
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Edward N. Domingue, Director of Engineering Services
Frank P. Schmitz, Parks and Open Space Administrator

SUBJECT: Final Assessment Engineer's Report for Zones 1-36 of the City of Escondido Landscape Maintenance Assessment District for FY 2011/2012

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-70 approving the Assessment Engineer's Report for Zones 1-36 of the City of Escondido Landscape Maintenance District (LMD) (map attached to staff report), and approving the annual levy and collection of assessments in Zones 1-36 of the LMD for fiscal year 2011/2012.

FISCAL ANALYSIS:

The LMD reimburses all costs incurred in all zones except Zone 12 and Zone 13. The City of Escondido purchased property adjacent to the Reidy Creek environmental channel that lies within Zone 12 and therefore assumed the assessment assigned to this property. Zone 13 was formed to pay for the maintenance of the median landscaping in Center City Parkway south of Felicita Avenue and north of Montview Drive. The City shares the cost of the maintenance in Zone 13 with the two shopping centers on either side of the parkway.

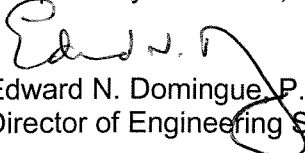
PREVIOUS ACTION:

On March 24, 2010 the City Council adopted Resolution Nos. 2011-40 and 2011-42 initiating proceedings for the annual levy of assessments for Zones 1-36 of the LMD, approving the preliminary Assessment Engineer's Report, and setting a public hearing date of May 11, 2011.

BACKGROUND:

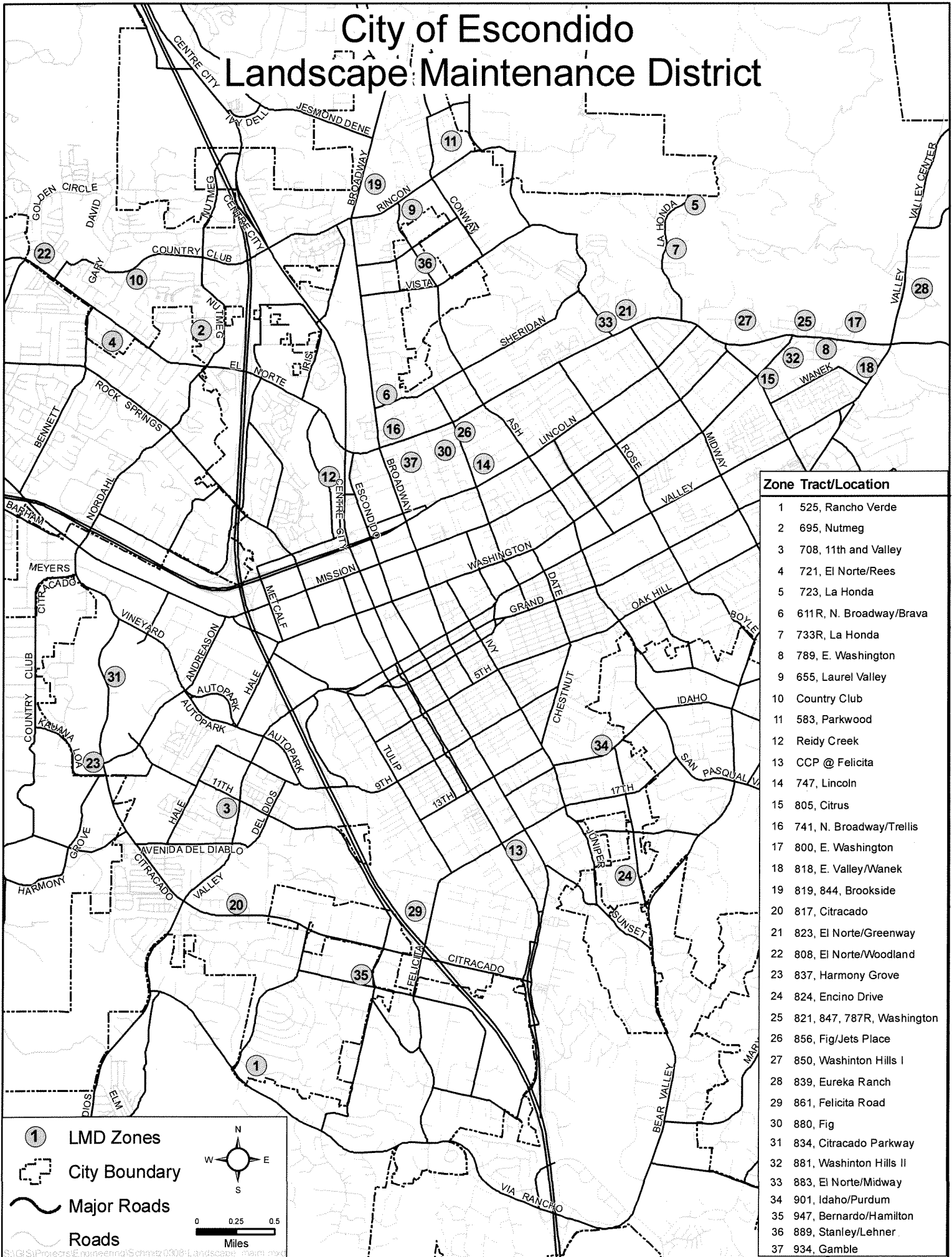
The City Council has approved the preliminary Assessment Engineer's Report for Zones 1-36 of the LMD for fiscal year 2011/2012 that details the budget and assessments for the LMD. A public hearing was held on May 11, 2011 to provide the opportunity for public input on the proposed assessments. The final Engineer's Report for Zones 1-36 of the LMD submitted for City Council approval today reflects the budget and assessments for Zones 1-36 of the LMD for fiscal year 2011/2012 after completion of the City review and public input process.

Respectfully submitted,


Edward N. Domingue, P.E.
Director of Engineering Services


Frank P. Schmitz
Parks and Open Space Administrator

City of Escondido Landscape Maintenance District



Zone	Tract/Location
1	525, Rancho Verde
2	695, Nutmeg
3	708, 11th and Valley
4	721, El Norte/Rees
5	723, La Honda
6	611R, N. Broadway/Brava
7	733R, La Honda
8	789, E. Washington
9	655, Laurel Valley
10	Country Club
11	583, Parkwood
12	Reidy Creek
13	CCP @ Felicita
14	747, Lincoln
15	805, Citrus
16	741, N. Broadway/Trellis
17	800, E. Washington
18	818, E. Valley/Wanek
19	819, 844, Brookside
20	817, Citracado
21	823, El Norte/Greenway
22	808, El Norte/Woodland
23	837, Harmony Grove
24	824, Encino Drive
25	821, 847, 787R, Washington
26	856, Fig/Jets Place
27	850, Washinton Hills I
28	839, Eureka Ranch
29	861, Felicita Road
30	880, Fig
31	834, Citracado Parkway
32	881, Washinton Hills II
33	883, El Norte/Midway
34	901, Idaho/Purdum
35	947, Bernardo/Hamilton
36	889, Stanley/Lehner
37	934, Gamble

LMD Zones
 City Boundary
 Major Roads
 Roads

N
 W — O — E
 S

0 0.25 0.5
 Miles

RESOLUTION NO. 2011-70

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
APPROVING THE ASSESSMENT ENGINEER'S
REPORT, AND APPROVING THE ANNUAL
LEVY AND COLLECTION OF ASSESSMENTS
IN ZONES 1-36 OF THE ESCONDIDO
LANDSCAPE MAINTENANCE ASSESSMENT
DISTRICT FOR FISCAL YEAR 2011-2012

WHEREAS, the City Council of the City of Escondido has previously formed a maintenance district pursuant to the terms of the "Landscaping and Lighting Act of 1972," being Division 15, Part 2 of the Streets and Highways Code of the State of California (the "Act), and, the Article XIID of the Constitution of the State of California ("Article XIID"), and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following) (the "Implementation Act") (the 1972 Act, Article XIID, and the Implementation Act are referred collectively as the "Assessment Law"). Such maintenance district is known and designated as the Escondido Landscape Maintenance Assessment District (the "Maintenance District"); and

WHEREAS, there has been established by the City 37 zones within the Maintenance District (each individually referenced herein as a "Zone"); and

WHEREAS, on May 11, 2011, the City Council held a public hearing and initiated proceedings to provide for the annual levy and collection of assessments for Zones 1-36 of the Maintenance District for the next ensuing fiscal year to provide for the costs and expenses necessary to pay for the maintenance of the existing improvements in Zones 1-36 of the Maintenance District; and

WHEREAS, notice of the public hearing was duly and legally published in the time, form, and manner as required by law; and

WHEREAS, the City Council also previously received and preliminarily approved a report of the Assessment Engineer (the "Assessment Engineer's Report"), a copy of which is attached hereto as Exhibit "A" and by this reference incorporated herein, for Zones 1-36 of the Maintenance District as required by the 1972 Act, and this City Council desires to continue with the proceedings for the annual levy and collection; and

WHEREAS, this City Council carefully examined and reviewed the Assessment Engineer's Report as presented, and is satisfied with each and all of the items and documents as set forth therein pertaining to Zones 1-36 of the Maintenance District and is satisfied that the assessments for Zones 1-36 have been spread in accordance with the special benefits received from the improvements to be maintained, as set forth in the Assessment Engineer's Report; and

WHEREAS, the City Council desires to confirm and approve such final Assessment Engineer's Report and to authorize the annual levy and collection of the assessments for Zones 1-36 of the Maintenance District for Fiscal Year 2011-2012; and

WHEREAS, the City Council finds the Maintenance District as exempt from the California Environmental Quality Act (Public Resources Code Section 21000 and following) ("CEQA") pursuant to section 15302(d) of the State CEQA guidelines;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Escondido, California, as follows:

1. That the above recitals are true.

2. Based upon the Assessment Engineer's Report and the testimony and other evidence received at the public hearing, it is hereby determined that:

A. The proportionate special benefit derived by each parcel proposed to be assessed has been determined in relationship to the entirety of the cost of maintenance of the improvements.

B. No assessment is proposed to be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit to be conferred on such parcel from the improvements.

C. Only special benefits have been assessed.

4. That the Assessment Engineer's Report, is hereby approved and is ordered to be filed in the office of the City Clerk as a permanent record and to remain open to public inspection. Reference is made to said Assessment Engineer's Report for a full and detailed description of:

- (a) The existing improvements to be maintained;
- (b) The maintenance of the improvements to be performed;
- (c) The estimates of costs of the maintenance of the improvements to be performed, including the cost of incidental expenses in connection therewith, and including that portion of the costs and expenses representing the special benefits to be conferred by such maintenance of the improvements on the parcels within Zones 1-36 of the Maintenance District;
- (d) The diagram of the Maintenance District and the zones therein showing (i) the exterior boundaries of the Maintenance District; (ii) the boundaries and zones

within the Maintenance District; and (iii) the lines and dimensions of each parcel of land within the Maintenance District; provided, however, such diagram may refer to the San Diego County Assessor's maps for detailed description of such lines and dimensions, in which case such maps shall govern for all details concerning such lines and dimensions; and

(e) The assessment of the total amount of the cost and expenses of the maintenance of the improvements upon the several divisions of land in the Maintenance District in proportion to the estimated special benefits to be conferred on such subdivisions, respectively, by such maintenance and the assessments upon assessable lots and parcels of land within the Maintenance District.

8. That the public interest and convenience requires the fiscal Year 2011-2012 annual levy and collection of the assessments for Zones 1-36 of the Maintenance District as set forth and described in the Assessment Engineer's Report, and further it is determined to be in the best public interest and convenience to levy and collect annual assessments to pay the costs and expense of said maintenance and improvements as estimated in the Assessment Engineer's Report. All costs and expenses of the maintenance and incidental expenses have been apportioned and distributed to the benefiting parcels in Zones 1-36 of the Maintenance District in accordance with the special benefits received from the existing improvements.

9. The City Clerk is hereby ordered and directed to immediately file a certified copy of the diagram and assessment with the County Auditor. Said filing to be made no later than the August 10, 2011.

10. After the filing of the diagram and assessment, the County Auditor shall enter on the County assessment roll opposite each lot or parcel of land the amount assessed thereupon, as shown in the assessment.

11. The assessments shall be collected at the same time and in the same manner as County taxes are collected, and all laws providing for the collection and enforcement of County taxes shall apply to the collection and enforcement of the assessments.

12. The annual assessments as above authorized and confirmed and levied for these proceedings will provide revenue to finance the maintenance of authorized improvements for Zones 1-36 of the Maintenance District in the fiscal year commencing July 1, 2011, and ending June 30, 2012.

13. This Resolution shall take effect immediately upon its adoption.



Agenda Item No.: 8
Date: June 22, 2011

There is no material for this agenda item

THE FOLLOWING ITEM(S) WILL BE DISTRIBUTED WHEN AVAILABLE:

- Staff Report**
- Resolution No.**
- Ordinance No.**
- Exhibits/Attachments**

DUE TO THE SIZE OF THIS AGENDA ITEM:

- A copy of the City of Escondido Landscape Maintenance Assessment District: Assessment Engineer's Report Zones 1-36 is on file in the City Clerk's Office**

Assessment Engineer's Report Zones 1 - 36

Fiscal Year 2011/12

City of Escondido Landscape Maintenance Assessment District

Report pursuant to the Landscaping and Lighting Act of 1972, Part 2 Division 15 of the Streets and Highways Code, Article XIII.D. of the California Constitution, and Proposition 218 Omnibus Implementation Act (Government Code Section 53750 et seq.). The Streets and Highways Code, Part 2, Division 15, Article 4, commencing with Section 22565, directs the preparation of the Assessment Engineer's Report for each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements described herein.

FINAL REPORT

June 22, 2011

**DUE TO THE NUMBER OF PAGES OF EXHIBIT(S) A COMPLETE SET IS
AVAILABLE IN THE OFFICE OF THE CITY CLERK OR CITY ATTORNEY.
For Councilmembers, a set is available in the Council reading file.**

SPECIAL DISTRICT FINANCING & ADMINISTRATION

437 W. Grand Avenue
Escondido CA 92025
760 · 233 · 2630 Fax 233 · 2631

CITY COUNCIL

For City Clerk's Use:

APPROVED **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 9

Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Edward N. Domingue, Director of Engineering Services
Frank P. Schmitz, Parks and Open Space Administrator

SUBJECT: Final Assessment Engineer's Report for Zone 37 of the City of Escondido Landscape Maintenance District for FY 2011/2012.

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2011-71 approving the final Assessment Engineer's Report for Zone 37 of the City of Escondido Landscape Maintenance Assessment District (LMD) (map attached to staff report), declaring the results of the assessment ballot tabulation for Zone 37 of the LMD, confirming that a majority protest exists to the establishment of the initial assessment for FY 2011/2012, and that no initial assessment shall be imposed.

FISCAL ANALYSIS:

The owner of Tract 934 submitted the \$3,500 annexation fee required to process the annexation of this tract into the LMD as Zone 37.

PREVIOUS ACTION:

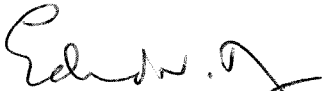
The City Council approved the annexation of Tract 934 into the LMD as Zone 37 on March 2, 2011, and approved the FY 2011/2012 preliminary LMD Engineer's Report for Zone 37 on March 23, 2011.

BACKGROUND:

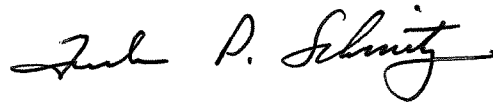
On November 5, 1996, the California voters approved Proposition 218, which among other things, requires property owner approval for any new assessment and any increase in any existing assessment. In FY 2011/2012 the initial new assessment was proposed for Zone 37. A ballot was sent to the property owner in Zone 37 giving her the option of approving or rejecting the proposed assessment. The completed ballot was submitted before the close of the public hearing on May 11, 2011. The ballot was tabulated on Thursday May 12, 2011. The property owner voted to reject the proposed assessment and therefore the assessment will not be imposed for FY 2011/2012. The owner indicated the reason for the rejection of the assessment was that it was decided to postpone

the development of Tract 934 until economic conditions improved. The City Council action today will not prejudice the ability of the Developer to move forward with the assessment in the future.

Respectfully submitted,



Edward N. Domingue, P.E.
Director of Engineering Services



Frank P. Schmitz
Parks and Open Space Administrator

RESOLUTION NO.2011-71

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, DECLARING THE RESULTS OF THE ASSESSMENT BALLOT TABULATION FOR ZONE 37 OF THE ESCONDIDO LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT, APPROVING THE ASSESSMENT ENGINEER'S REPORT FOR ZONE 37 OF THE ESCONDIDO LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT FOR FISCAL YEAR 2011-2012 AND TERMINATING FURTHER PROCEEDINGS

WHEREAS, the City Council of the City of Escondido has previously formed a maintenance district pursuant to the terms of the "Landscaping and Lighting Act of 1972," being Division 15, Part 2 of the Streets and Highways Code of the State of California (the "Act), and, the Article XIID of the Constitution of the State of California ("Article XIID"), and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following) (the "Implementation Act") (the 1972 Act, Article XIID, and the Implementation Act are referred collectively as the "Assessment Law"). Such maintenance district is known and designated as the Escondido Landscape Maintenance Assessment District (the "Maintenance District"); and

WHEREAS, there has been established by the City 37 zones within the Maintenance District (each individually referenced herein as a "Zone"); and

WHEREAS, on May 11, 2011, the City Council held a public hearing and initiated proceedings to provide for the annual levy and collection of assessments for Zone 37 of the Maintenance District for the next ensuing fiscal year to provide for the costs and

expenses necessary to pay for the maintenance of the existing improvements in Zone 37 of the Maintenance District; and

WHEREAS, notice of the public hearing was duly and legally published in the time, form, and manner as required by law; and

WHEREAS, the City Council also previously received and preliminarily approved a report of the Assessment Engineer (the "Assessment Engineer's Report"), a copy of which is attached hereto as Exhibit "A" and by this reference incorporated herein, for Zone 37 of the Maintenance District as required by the 1972 Act; and

WHEREAS, the City Council also previously initiated proceedings for a ballot protest procedure to establish the annual assessment for Zone 37 of the Maintenance District and to hold a public hearing in conformance with the Assessment Law for the purpose of considering the establishment of the annual assessment and authorizing the annual levy and collection of the assessment for Zone 37; and

WHEREAS, the City Council also (a) set the time and place for conducting a public hearing for the purpose of hearing protests to the initial assessment proposed to be levied on land within the Zone 37; and (b) ordered that the record owners of each parcel proposed to be assessed have the right to submit an assessment ballot in favor of or in opposition to the initial assessment proposed to be levied on such parcels; and

WHEREAS, notices of such hearing accompanied by assessment ballot materials were regularly mailed in the time, form, and manner required by the Assessment Law; and

WHEREAS, at the time and place fixed for such public hearing, the Assessment

Engineer submitted the Assessment Engineer's Report as it pertains to Zone 37, which was prepared and contained all the matters and items called for pursuant to the provisions of the Assessment Law; and

WHEREAS, on May 11, 2011, a full hearing was given, and all assessment ballots submitted and received pursuant to the Assessment Law prior to the close of such public hearing have been tabulated by the City Clerk of the City, acting as the tabulation official appointed by the City, all in the manner provided by the Assessment Law; and

WHEREAS, the City Clerk has prepared and submitted to this legislative body a Certificate of Tabulation Official and Statement of Assessment Ballots Submitted (the "Certificate of the Tabulation Official"), a copy of which is attached as Exhibit "B" hereto and incorporated herein by this reference, which reflects the results of the tabulation of the assessment ballots; and

WHEREAS, at this time based upon the Certificate of Tabulation Official this City Council determines that the assessment ballots received by the City in favor of the proposed assessment and weighted as required by the Assessment Law do not exceed the assessment ballots received in opposition to the assessment and similarly weighted and, therefore, a majority protest pursuant to the Assessment Law does exist and therefore an initial assessment cannot be made at this time; and

WHEREAS, the City Council finds the Maintenance District as exempt from the California Environmental Quality Act (Public Resources Code Section 21000 and following) ("CEQA") pursuant to section 15302(d) of the State CEQA guidelines;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Escondido, California, as follows:

1. That the above recitals are true.
2. The final Engineer's Report is hereby approved.
3. The assessment ballots submitted pursuant to the Assessment Law in favor of the establishment of the assessment for Zone 37 and weighted as required by the Assessment Law do not exceed the assessment ballots submitted in opposition to the establishment of the assessment and similarly weighted and it is therefore determined that a majority protest pursuant to Assessment Law does exist and the initial assessment proposed by the final Engineer's Report may not be imposed
4. This Resolution shall take effect immediately upon its adoption.



Agenda Item No.: 9
Date: June 22, 2011

There is no material for this agenda item

THE FOLLOWING ITEM(S) WILL BE DISTRIBUTED WHEN AVAILABLE:

- Staff Report**
- Resolution No.**
- Ordinance No.**
- Exhibits/Attachments**

DUE TO THE SIZE OF THIS AGENDA ITEM:

- A copy of the City of Escondido Landscape Maintenance Assessment District: Assessment Engineer's Report Zone 37 is on file in the City Clerk's Office**

Assessment Engineer's Report Zone 37

Fiscal Year 2011/12

City of Escondido Landscape Maintenance Assessment District

Report pursuant to the Landscaping and Lighting Act of 1972, Part 2 Division 15 of the Streets and Highways Code, Article XIII.D. of the California Constitution, and Proposition 218 Omnibus Implementation Act (Government Code Section 53750 et seq.). The Streets and Highways Code, Part 2, Division 15, Article 4, commencing with Section 22565, directs the preparation of the Assessment Engineer's Report for each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements described herein.

FINAL REPORT

June 22, 2011

**DUE TO THE NUMBER OF PAGES OF EXHIBIT(S) A COMPLETE SET IS AVAILABLE IN THE OFFICE OF THE CITY CLERK OR CITY ATTORNEY.
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SPECIAL DISTRICT FINANCING & ADMINISTRATION

437 W. Grand Avenue
Escondido CA 92025
760 · 233 · 2630 Fax 233 · 2631

STATEMENT OF TABULATION OF ASSESSMENT BALLOTS SUBMITTED

STATE OF CALIFORNIA)
 COUNTY OF SAN DIEGO) ss.
 CITY OF ESCONDIDO)

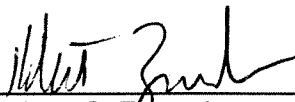
The undersigned, a duly authorized representative of the CITY OF ESCONDIDO, CALIFORNIA, DOES HEREBY CERTIFY that pursuant to the provisions of Article XIII D of the Constitution of the State of California and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following), I did tabulate the assessment ballots timely submitted in the assessment ballot proceedings pertaining to the proposed levy of annual assessments for Fiscal Year 2011-2012 within the Escondido Landscape Maintenance Assessment District.

I FURTHER CERTIFY that this Statement of Tabulation of Assessment Ballots Submitted shows the assessment ballots timely and validly submitted in favor of the assessment and the assessment ballots timely and validly submitted in opposition to the assessment within the zone of the District where it is proposed that the annual assessments be levied for the first time. The assessment ballots were weighted according to the financial obligation of the affected properties for which the assessment ballots were submitted.

Zone	Weighted Assessment Ballots in Favor of Increase in Assessments	Weighted Assessment Ballots in Opposition to Increase in Assessments
37	0	5,277.50

This certification is executed this 12th day of May, 2011 in Escondido, California.

CITY OF ESCONDIDO

By: 
 Robert C. Zornado
 Assistant City Clerk